

NATIONAL DAIRY MARKET NEWS AT A GLANCE**CME GROUP CASH MARKETS (12/23):**

BUTTER: Grade AA closed at \$1.5950. The weekly average for Grade AA is \$1.5965 (-.0085).

CHEESE: Barrels closed at \$1.5600 and 40# blocks at \$1.5625. The weekly average for barrels is \$1.5500 (+.0020) and blocks, \$1.5625 (-.0285).

BUTTER HIGHLIGHTS: The CME cash butter price dipped under the \$1.6000 level early in the week and remains at \$1.5950 at week's end. Churning activities across the country are starting to increase as surplus cream offerings build. Early in the week, surplus cream volumes were already being reported and are anticipated to only become heavier as the holiday weekend approaches. Butter demand has tapered off this week as butter needs have been shipped for the upcoming holiday. Some butter producers and handlers are indicating that some last minute orders did develop, but volumes were not significant. Retail feature activity across the country continued right up to this week. Throughout the fall of the year, retail features in all regions of the U.S. have been much heavier than anticipated. This feature activity cleared strong volumes of print butter which kept butter churns very active all fall.

CHEESE HIGHLIGHTS: The CME Group cash cheese market is about steady at generally lighter holiday demand. The current week CME Group block average of \$1.5625 is well above the comparable 2010 week average of \$1.3225. The current week barrel average of \$1.5500 is also well above the \$1.3725 average last year. Many buyers are positioning for the yearend inventory taking and waiting for the results of holiday movement before reordering. Packagers and processors will be operating on abbreviated schedules for the next two weeks, reducing bulk cheese needs. Cheese production has started to increase as holiday surplus milk volumes back into manufacturing channels to run as heavy as desired. Extended schedules will be common into early January. Some plants have orders for specialties for 2012 shipments, at least on some of their production. Most plants will make their default cheese, often cheddar that provides options for later sale.

FLUID MILK: Milk processing patterns are shifting and following expected holiday patterns. Fluid milk accounts and smaller processors are taking more time off around the holidays and reducing their milk orders. Schools and colleges closing for the holidays create the normal, expected backflow of milk. Other processors are increasing plant times to handle the increasing milk volumes. The expectations are that plants will be running near capacity, but will be able to handle the current milk supplies. Winter weather conditions were impeding transportation across several states in the South Central and Southwestern regions. The impact is intense for those areas, but returning to normal.

DRY PRODUCTS: Normal, yearend considerations abound in the marketing and purchasing of dry dairy products. The typical complications of transportation, the uneven buying patterns caused by the holidays and inventory needs, export declines because of border restrictions and the

upcoming Chinese New Year, and mixed needs from domestic buyers whose plants are shut down over the holidays. Additionally, plant production schedules are disrupted as milk needs change and more milk moves to balancing plants. Nonfat dry milk prices are mostly unchanged. Drying schedules are building for low heat NDM as surplus milk moves to butter/powder operations. Dry buttermilk prices are steady to lower and untested. Dry whey markets are firming slightly. Demand is good for current, limited offerings. Producers will welcome any extra output. Whey protein concentrate 34% pricing is unchanged in a steady market. Contracted volumes for next year have been mostly established. Lactose pricing is steady to trending higher ahead of the yearend. Demand is good into 2012 and contracting has been good.

INTERNATIONAL DAIRY MARKET NEWS (DMN): Milk production in **Western Europe** continues to show more signs of seasonal increases. Although overall milk volumes are low, manufacturing and milk processing facilities are reporting increasing volumes. Weather conditions throughout most of Europe are following trends of early winter, although no significant snow or cold related issues are being reported. Temperatures are lower and overall moisture is limited. Traders and handlers are indicating that buyer interest has slowed as the yearend holiday period is at hand. Cheese and butter demand increased significantly during the past 4 - 6 weeks, typical for this time of the year. Much of this demand was from internal or domestic buyers, although some increased international cheese activity was reported. International butter interest was very light as higher than desired prices often limited buyer interest. Some international buyers, typically looking to Europe for their butter needs, are looking beyond European supply sources for first quarter needs. Some buyers are looking at U.S. possibilities as prices there are about \$1,000 per ton lower. European traders and handlers are anticipating that sales activity, both domestically and internationally, will be quiet until the New Year. At the December 15 Dairy Commission meeting, the Commission decided to suspend the periodic adoption of regulations fixing the export refunds for dairy products until the market situation shows a necessity to grant export refunds once again. A similar decision was taken in July 2007. The provision of export refunds via tender remains open. **Eastern European** milk production is basically holding at seasonally low level. This region of Europe typically trails Western European production trends by about 4 - 6 weeks, thus milk volumes are not showing any significant signs of increases. With milk volumes maintaining low levels, new product generation is minimal. Traders and handlers do indicate that inventoried stocks, from the most recent season, are available for domestic and international buyer interest. On December 9, the European Union and Croatian leaders signed Croatia's EU Accession

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CME GROUP CASH TRADING

COMMODITY	MONDAY DEC 19	TUESDAY DEC 20	WEDNESDAY DEC 21	THURSDAY DEC 22	FRIDAY DEC 23	WEEKLY CHANGE*	WEEKLY AVERAGE#
CHEESE							
BARRELS	\$1.5350 (N.C.)	\$1.5450 (+.0100)	\$1.5500 (+.0050)	\$1.5600 (+.0100)	\$1.5600 (N.C.)	:: (+.0250)	:: \$1.5500 (+.0020)
40# BLOCKS	\$1.5625 (N.C.)	\$1.5625 (N.C.)	\$1.5625 (N.C.)	\$1.5625 (N.C.)	\$1.5625 (N.C.)	:: (N.C.)	:: \$1.5625 (-.0285)
NONFAT DRY MILK							
EXTRA GRADE	\$1.4800 (N.C.)	\$1.4800 (N.C.)	\$1.4800 (N.C.)	\$1.4800 (N.C.)	\$1.4800 (N.C.)	:: (N.C.)	:: \$1.4800 (N.C.)
GRADE A	\$1.4500 (N.C.)	\$1.4500 (N.C.)	\$1.4500 (N.C.)	\$1.4500 (N.C.)	\$1.4500 (N.C.)	:: (N.C.)	:: \$1.4500 (N.C.)
BUTTER							
GRADE AA	\$1.6025 (N.C.)	\$1.5950 (-.0075)	\$1.5950 (N.C.)	\$1.5950 (N.C.)	\$1.5950 (N.C.)	:: (-.0075)	:: \$1.5965 (-.0085)

CHEESE: carload = 40,000 lbs., BUTTER: carlot = 40,000-43,000 lbs. *Sum of daily changes. # Weekly averages are simple averages of the daily closing prices for the calendar week.
Computed by Dairy Market News for informational purposes. This data is available on the Internet at WWW.AMS.USDA.GOV/DAIRYMARKETNEWS.

NATIONAL DAIRY MARKET NEWS AT A GLANCE**CONTINUED FROM PAGE 1**

Treaty. Subject to the Treaty's ratification by all Member States and Croatia, the country will become the 28th Member State of the European Union on July 1, 2013. Croatia has been granted a transitional period until December 31, 2015 for establishment in the milk and other food and by-product sectors in order to meet structural EU standards. Products from noncompliant establishments will be identified with a special health mark and can only be placed within Croatian markets and on markets of third countries. Milk production in the Oceania region continues to edge lower gradually. In **New Zealand**, milk processors and handlers are projecting that milk volumes are about 20% below peak levels and are trending lower as forecast earlier in the season. Steady rainfall is being reported on both islands and grass growth is good, although some milk producers are stating that grass quality might not be as positive as in previous years. In **Australia**, the milk production season is on the down side of the peak. November milk output is trending 3.3% heavier than last November and year to date output (5 months) is running about 3% stronger. Strong milk output continues to be reported in Northern Victoria where milk volumes are running about 11% ahead of last November. Gippsland, within the Victoria region, continues to struggle with excessive moisture and November volumes are nearly 4% lower than last November. Cool temperatures continue to slow drying conditions in the region. At this point of the season and with generally positive milk production trends thus far, annual milk output estimates for Australia continue to run 2 - 3% ahead of last year. Positive production trends in both New Zealand and Australia could quickly turn around, especially if adverse summer weather patterns develop and hot temperatures prevail for an extended period of time. Traders and handlers are indicating that sales activity and shipments continue to center around core customers. Sales activity is slowing from some Oceania customers as the yearend holiday period nears, while buying and shipment patterns continue for others. The December 20 g/DT session #58 results showed overall weakness in most all product areas with the exception of anhydrous milk fat and cheddar cheese.

PRICE AND POOL HIGHLIGHTS (DAIRY PROGRAMS): During November, more than 10.2 billion pounds of milk were received from producers. This volume of milk is 1.2% higher than the November 2010 volume. In November 2010 and November 2011, there were volumes of milk not pooled due to intraorder disadvantageous price relationships. More than 3.7 billion pounds of producer milk were used in Class I products, 3.3% lower than the previous year. Calendar composition likely had a negative impact on milk used in Class I in 2011 as compared to 2010. The all-market average Class utilization percentages were: Class I = 37%, Class II = 11%, Class III = 42% and Class IV = 10%. The weighted average statistical uniform price was \$19.70, \$0.46 higher than last month and \$2.36 higher than last year.

COLD STORAGE (NASS): On November 30, U.S. cold storage holdings of butter totaled 94.9 million pounds, 27% less than a month ago, but 36% more than last year. Natural American cheese holdings total 586.4 million pounds, -5% from a month ago, and -6% from a year ago. Total cheese stocks were 970.6 billion pounds, 4% lower than last month and 5% less than November 2010.

NOVEMBER MILK PRODUCTION (NASS): Milk production in the 23 major States during November totaled 14.7 billion pounds, up 2.2% from November 2010. Production per cow averaged 1,738 pounds for November, 16 pounds (0.9%) above November 2010. The number of milk cows on farms was 8.48 million head, 108,000 head (1.3%) more than November 2010, but unchanged from October 2011.

FEDERAL MILK ORDER ADVANCE PRICES HIGHLIGHTS (DAIRY PROGRAMS): Under the Federal milk order pricing system, the base price for Class I milk for January 2012 is \$18.80, up 33 cents from December. This price is derived from the advanced Class III skim milk pricing factor of \$13.17 and the advanced butterfat pricing factor of \$1.7395 per pound. Class I differentials specific to each county are added to the base price to determine the Class I price. The Class II skim milk price for January is \$12.05 and the Class II nonfat solids price is \$1.3389 per pound. The following are the two-week product price averages: butter \$1.6079, nonfat dry milk \$1.4419, cheese \$1.8102, and dry whey \$0.6549.

CME GROUP

MONDAY, DECEMBER 19, 2011

CHEESE -- SALES: NONE; LAST BID UNFILLED: 3 CARS BARRELS @ \$1.5350; 2 CARS 40# BLOCKS @ \$1.5625; LAST OFFER UNCOVERED: NONE
 NONFAT DRY MILK -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE
 BUTTER -- SALES: NONE; LAST BID UNFILLED: 2 CARS GRADE AA @ \$1.6025; LAST OFFER UNCOVERED: NONE

TUESDAY, DECEMBER 20, 2011

CHEESE -- SALES: 1 CAR BARRELS @ \$1.5450; 1 CAR 40# BLOCKS @ \$1.5625; LAST BID UNFILLED: 1 CAR BARRELS @ \$1.5450; LAST OFFER UNCOVERED: 1 CAR BARRELS @ \$1.5500
 NONFAT DRY MILK -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE
 BUTTER -- SALES: 3 CARS GRADE AA: 2 @ \$1.6025, 1 @ \$1.5950; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE

WEDNESDAY, DECEMBER 21, 2011

CHEESE -- SALES: 2 CARS BARRELS @ \$1.5500; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 1 CAR 40# BLOCKS @ \$1.5725
 NONFAT DRY MILK -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE
 BUTTER -- SALES: 3 CARS GRADE AA: 1 @ \$1.5850, 1 @ \$1.5925, 1 @ \$1.5950; LAST BID UNFILLED: 5 CARS GRADE AA @ \$1.5950; LAST OFFER UNCOVERED: NONE

THURSDAY, DECEMBER 22, 2011

CHEESE -- SALES: 2 CARS BARRELS: 1 @ \$1.5500, 1 @ \$1.5600; 2 CARS 40# BLOCKS @ \$1.5625; LAST BID UNFILLED: 1 CAR BARRELS @ \$1.5600; 2 CARS 40# BLOCKS @ \$1.5625; LAST OFFER UNCOVERED: 1 CAR BARRELS @ \$1.5700
 NONFAT DRY MILK -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE
 BUTTER -- SALES: NONE; LAST BID UNFILLED: 3 CARS GRADE AA @ \$1.5950; LAST OFFER UNCOVERED: NONE

FRIDAY, DECEMBER 23, 2011

CHEESE -- SALES: 6 CARS BARRELS @ \$1.5600; 8 CARS 40# BLOCKS @ \$1.5625; LAST BID UNFILLED: 3 CARS BARRELS @ \$1.5600; LAST OFFER UNCOVERED: NONE
 NONFAT DRY MILK -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE
 BUTTER -- SALES: 1 CAR GRADE AA @ \$1.5950; LAST BID UNFILLED: 2 CARS GRADE AA @ \$1.5950; LAST OFFER UNCOVERED: NONE

BUTTER MARKETS

NORTHEAST

The CME Group butter price declined \$.0075 Tuesday to close at \$1.5950. Butter prices have been on the decline and have lowered the weekly average price to \$1.6050, which is the lowest weekly average price for 2011. More cream is being channeled to churns, increasing butter production, as cream based product manufacturers begin to slow production schedules prior to holiday shutdowns. By Thursday, butter production will be at or near capacity at most plants and will remain at that level through the holiday and into Monday. Some private label print production is fairly steady, delaying the production changeover to bulk butter at some plants. Private label retail butter features are much more prevalent than national brand promotions with pricing for one pound packages ranging from \$2.00-\$2.50. Bulk butter inventories are increasing, but some plant managers anticipated the increase in production and plan to fill food service orders after the holiday. Current bulk butter prices range from 4- 8 cents over the market based on the CME Group with various time frames and averages used.

CENTRAL

The CME Group cash butter price dipped below the \$1.6000 level early in the week and remains at \$1.5950 at midweek. Butter producers and handlers are questioning if this price will hold or will further weakness develop. Many feel with the holiday period approaching and cream supplies typically readily available to churns, the potential for a lower cash price is possible. Churning schedules have been more active closer to the holidays than many anticipated just to keep up with orders. Good butter orders yet last week basically demanded butter producers to maintain strong churning schedules to fulfill needs. Churning remained active early in the week as surplus cream offerings started to increase. Reports are already indicating that some holiday cream volumes are being priced at 110 delivered. Holiday orders are basically finished, although fill-in orders are expected during the upcoming week to 10 days. Retailers continue to report that feature activities at their operations are clearing strong volumes of print butter. One grocery chain in the Central part of the country is pricing 1 pound prints at \$.9900 with a \$10.00 purchase (limit of 1). Food service orders have been good, but some restaurant buyers are indicating that traffic

flow through their operations has not been as positive as anticipated. Bulk butter prices range from 2 - 4 cents over various pricing bases and averages per pound.

WEST

Western butter prices are relatively unchanged from last week. The market is trying to determine post-holiday demand and appropriate prices into the new year. Churns are slowing production for print lines in many cases and turning to bulk production as retailers slow down on reorders. Plants expect to see increased cream offerings over the next two weeks with the yearend holidays. Retail promotions are advertising national brands of butter ranging \$2.50-3.00, while store brands are featuring at \$1.88-2.50. Prices for bulk butter range from even to \$.0700 cents under the market, based on the CME with various time frames and averages used. Butter trading on the CME Group for Wednesday was unchanged at \$1.5950. Sales activity has been moderate with six loads trading so far this week. According to the FAS, quota imports of butter for January-November 2011 total 7.7 million pounds, 18.0% more than the same period in 2010. Imports for 2011 account for 50.3% of the total quota for 2011. Imports of High-Tier butter (above quota and with a penalty) are 0.7 million pounds, 128.4% above last year's amount in the same time period.

U.S. Butter Imports (USDA-FAS)

	2011 Imports (Million Lb.)	% Change From 1 Year Ago	% of Yearly Quota
Nov. Quota Imports	1.23	+ 21.4	8.0
Jan. - Nov. High Tier	.71	+128.4	N.A.
Quota Imports	7.74	+ 18.0	50.3

NASS DAIRY PRODUCT PRICES
 U.S. AVERAGES AND TOTAL POUNDS

WEEK ENDING	CHEESE 40# BLOCKS	CHEESE BARRELS 38% MOISTURE	NDM	BUTTER	DRY WHEY
December 17, 2011	1.7739 12,015,189	1.7107 10,043,433	1.4418 19,894,159	1.5922 4,918,175	0.6561 7,910,135

CHEESE MARKETS

NORTHEAST

CME Group cheese prices were mixed Tuesday with barrels moving \$.0100 higher and closing at \$1.5450, while blocks closed unchanged at \$1.5625. The higher price for barrels was the first price increase since December 9, while blocks have not seen a price increase since November 28. The weekly average cheese prices on the CME Group continued to decline, resulting in lower wholesale prices. Process 5# sliced cheese declined \$0.0650 with Cheddar 40# blocks and Muenster declining \$0.0950. Cheese production is on the rise as reduced Class I demand is channeling increased milk volumes to cheese plants. Cheese inventories are increasing as most holiday orders have been filled and as most cheese buyers are holding off orders until after the first of the year when prices will likely be lower. Most cheese makers, except Swiss cheese makers, are comfortable with their current inventory levels. Swiss cheese makers are hoping professional football playoffs will prompt increased sales and lower their substantial inventories.

WHOLESALE SELLING PRICES: DELIVERED,
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Cheddar 40# Block	:	1.9050-2.1800
Process 5# Sliced	:	1.6575-1.7775
Muenster	:	1.9250-2.2525
Grade A Swiss Cuts 10 - 14#	:	3.5200-3.8425

MIDWEST

The cheese market is unsettled. At least a few sellers have been clearing bulk supplies that accumulated during recent weeks while prices were declining. At current prices, some buyers are purchasing fresh hard Italian varieties to restock aging programs. Generally, packaged cheese orders, particularly shreds, are keeping some operations on surprisingly solid schedules without overtime. Process interest is about steady. Most packagers and processors will operate on holiday abbreviated schedules the next two weeks. One packager was still shipping a good volume of finished product yet this week. Most plants have geared up to manufacture larger volumes of milk during the holidays though some are reluctant to make spec cheese for later sale. Milk intakes are generally steady to slightly higher seasonally. Heavy snow in Kansas through New Mexico and Texas has delayed some cheese deliveries.

WISCONSIN WHOLESALE SELLING PRICES: DELIVERED,
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Process American 5# Loaf	:	1.9075-2.3600
Brick And/Or Muenster 5#	:	2.0975-2.4400
Cheddar 40# Block	:	2.0975-2.8650
Monterey Jack 10#	:	2.0675-2.8650
Blue 5#	:	2.3625-3.1300
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	1.9425-2.9650
Grade A Swiss Cuts 6 - 9#	:	2.9300-3.3300

WEEKLY COLD STORAGE HOLDINGS - SELECTED STORAGE CENTERS
IN THOUSAND POUNDS - INCLUDING GOVERNMENT STOCKS

	BUTTER	:	CHEESE
12/19/11	1,378	:	133,251
12/01/11	3,778	:	130,196
CHANGE	-2,400	:	3,055
% CHANGE	-64	:	2

WEST

Wholesale Western cheese prices continued to retreat as prices moved lower on the CME Group exchange. The market is uneven as buyers begin to shop the lower prices. Export interest is increasing. Cheese production is steady to somewhat weaker as orders have yet to finalize for first quarter needs. Some increased interest for mozzarella is being exhibited in anticipation of pizza promotions. Barrels closed up \$.0050 at the CME Group on Wednesday to settle at \$1.5500. Barrels have gained \$.0150 so far this week. Blocks were unchanged on Wednesday at \$1.5625. Block sales are unchanged for the week. Sales on barrels are light with three loads trading and block activity is very light as only one load has sold by Wednesday of this week. According to FAS, quota imports of cheese for January-November 2011 total 151.3 million pounds, down 0.5% from a year ago. The imports stand at 50.6% of the annual quota. Imports of High-Tier cheese (above quota and with a penalty) for the same period are estimated to total 23.3 million pounds, up 6.3% from January-November of 2010.

WHOLESALE SELLING PRICES: DELIVERED, DOLLARS PER POUND
(1000 - 5000 POUNDS MIXED LOTS)

Process 5# Loaf	:	1.6750-1.9325
Cheddar 40# Block	:	1.7175-2.0700
Cheddar 10# Cuts	:	1.8975-2.1175
Monterey Jack 10#	:	1.9075-2.0675
Grade A Swiss Cuts 6 - 9#	:	3.0975-3.5275

FOREIGN

The CME Group weekly average block price declined, lowering domestic wholesale prices for the second consecutive week by \$0.0950. Prices for Swiss cuts remained unchanged. Swiss cheese production is increasing as holiday milk supplies are increasing. Swiss inventories are expanding and becoming a concern with hopes that the upcoming football bowls and NFL playoffs will prompt good retail sales. According to FAS, imports of high tier and quota Italian-type cheese from January through November this year totaled 28.3 million pounds, down 8.7% for the same period last year. Imports of quota Italian-type cheese January through November totaled 13.7 million pounds, 21.4% below the same period last year and 59.0% of the annual quota. Imports of high tier Italian-type cheese January through November totaled 14.6 million pounds, up 7.7% from the same period in 2010. Quota imports of Swiss/Emmentaler varieties from January through November 2011 totaled 41.1 million pounds, 4.6% more than the same period last year. Norway and Finland, the two top sources, account for 61.9% of Swiss/Emmentaler imports January through November 2011. Importers are reminded that December 31 is the last day for licenses to fulfill the requirement to use 85% of their 2011 license amount.

WHOLESALE SELLING PRICES: FOB DISTRIBUTORS DOCK
DOLLARS PER POUND (1000 - 5000 POUNDS, MIXED LOTS)

VARIETY	NEW YORK	
	IMPORTED	DOMESTIC
Blue	: 2.6400-5.2200	: 2.0450-3.5325*
Gorgonzola	: 3.6900-6.3900	: 2.5475-2.8075*
Parmesan (Italy)	: -0-	: 3.1675-3.7225*
Provolone (Italy)	: 3.4400-6.3900	: 2.0875-2.2450*
Romano (Cows Milk)	: -0-	: 3.2350-5.3775*
Sardo Romano (Argentina)	: 2.8500-3.9800	: -0-
Reggianito (Argentina)	: 3.2900-4.2400	: -0-
Jarlsberg-(Brand)	: 2.9500-4.9900	: -0-
Swiss Cuts Switzerland	: -0-	: 3.6125-3.9350
Swiss Cuts Finnish	: 2.5900-2.8500	: -0-

* = Price change.

U.S. Cheese Imports (USDA-FAS)

	2011 Imports (Million Lb.)	% Change From 1 Year Ago	% of Yearly Quota
Nov. Quota Imports	19.1	- 12.3	6.4
Jan. - Nov.			
High Tier	23.3	+ 6.3	N.A.
Quota Imports	151.3	- 0.5	50.6

FLUID MILK AND CREAM

EAST

SPOT SHIPMENTS OF GRADE A MILK INTO OR OUT OF FLORIDA & SOUTHEASTERN STATES

	THIS WEEK		LAST WEEK		LAST YEAR	
	IN	OUT	IN	OUT	IN	OUT
FLORIDA	8	0	14	0	0	110
SOUTHEAST STATES	0	0	0	0	0	0

Tis the season for churns and dryers in the Northeast and Mid-Atlantic regions as manufacturing milk supplies are building, due to Class I demand declines and numerous dairy manufacturing plant production slowdowns prior to their holiday shutdowns. Most all churns and dryers are expected to be operating at capacity through the holiday period in order to clear the heavy manufacturing milk supplies. Some plant managers are concerned that delays may occur and/or last longer, because a trucking company with numerous tankers that would be used as additional storage is no longer in business. Milk production in Florida continues to increase and is higher than the previous year. Weather continues to be ideal for milk production. Class I demand overall has declined, but not as much as expected. Milk production increases have limited milk imports to 8 spot loads this week. Manufacturing milk supplies are rapidly increasing in the Southeast region and soon all available auxiliary manufacturing plants will be utilized. Some plants have changed their typical holiday milk usage patterns, which is causing some logistical headaches. Class I demand, as expected, has significantly declined. Cream demand held fairly steady in the early part of the week, but began to decline Wednesday as cream based manufacturing began to prepare for holiday shutdowns. Cream supplies are expected to be very heavy beyond Wednesday and through the holiday weekend. Cream multiples range from 122 to 135 with multiples expected to drop significantly, possibly below 110 over the weekend. Heavy cream supplies will continue into next week as many cream based product manufacturers' will not resume production until after the new year. Cream contracts for 2012 continue to be finalized with the tendency for contracts to be lower priced and for less volume compared to 2011. Condensed skim demand has also declined with the approaching holiday. A major portion of the condensed skim supply will be channeled to dryers for low heat nonfat dry milk production, but yogurt production in the Northeast will be fairly active between the Christmas and New Year's holidays. Most if not all dairy product manufacturers are observing December 26th as a holiday, but a few are planning to resume production on January 2. According to NASS, milk production for November 2011 in the 23 reported states totaled 14.7 billion pounds, up 2.2% from November 2010. Milk production decreased in 3 of the 5 listed states in the Eastern region and resulted in Eastern region production declining 0.8% over the same month last year to 2,381 million pounds. The 5 states showed the following percentage changes in milk production from November 2010 to November 2011 and total milk production this November: Florida, +6.6%, 178 million pounds; New York, -1.3%, 1,013 million pounds; Pennsylvania, -2.0%, 850 million pounds; Vermont, unchanged, 202 million pounds; and Virginia, -0.7% at 138 million pounds. Milk cow numbers for November 2011 increased in 2 of the 5 listed states of the Eastern region with 3 states declining. As a region, cow numbers were unchanged compared to the same period last year. Individual state cow numbers compared to November 2010 and cows remaining as of this November are: Florida, 6,000 increase, 120,000 remaining; New York, 1,000 decrease, 610,000 remaining; Pennsylvania, 4,000 decrease, 538,000 remaining; Vermont, 2,000 decrease, 134,000 remaining; and Virginia, 1,000 increase, 96,000 remaining.

FLUID CREAM AND CONDENSED SKIM PRICES IN TANKLOT QUANTITIES

SPOT PRICES OF CLASS II CREAM, DOLLARS PER LB. BUTTERFAT:

F.O.B. producing plants: Northeast -	1.9581-2.1668
F.O.B. producing plants: Upper Midwest -	1.7655-1.9581

PRICES OF CONDENSED SKIM, DOLLARS PER LB. SOLIDS,

F.O.B. PRODUCING PLANTS:

Northeast - Class II - includes monthly formula prices -	1.52 - 1.57
Northeast - Class III - spot prices -	1.55 - 1.60

MIDWEST

Class I and II interest was appreciably lighter by midweek after starting the week at fairly good levels. School needs were filled and bottlers will rebuild replacement volumes in January. Milk volumes were backing up by midweek with milk handlers still trying to find a manufacturing home for holiday surplus volumes of milk, cream and condensed skim. Many plants are either committed for the holidays or are just not interested in buying extra milk to make cheese to look at in the cooler until sometime in 2012. Discounts for holiday surplus are increasing, often into the -\$3 to -\$4 below class area with a small amount already booked at \$11. Most plants will make their "default cheese", often cheddar, to allow additional time to sell in 2012 unless they have orders to fill. Cream interest was lighter as the last holiday specialty product orders and cream cheese were made by midweek and shipped to customers. Cream multiples are lower as offerings are increasing. Churns will be active during the holidays with other users, including ice cream, closed for various periods of time. With print orders shipped, churns will put up most butter as bulk for use or sale in 2012. Milk intakes are generally higher through most of the Central region. Milk components remain seasonally strong (see page G1 of this report) providing good manufactured product yields. Blizzard conditions in parts of the Southwest slowed movement and may have impacted plant receipts in affected areas. Estimated November milk production in selected Midwestern states compared with last November: Wisconsin, 2.094 billion pounds, +32 million pounds (1.6%); Texas, 787 million pounds, +61 million pounds (8.4%); Minnesota, 716 million pounds, -1 million pounds (-0.1%); Michigan, 688 million pounds, +26 million pounds (3.9%); Ohio, 420 million pounds, -1 million pounds (-0.2%); and Iowa, 353 million pounds, +6 million pounds (1.7%).

WEST

CALIFORNIA milk processing plants are ramping up schedules to process additional milk supplies. Fluid accounts and smaller processers are cutting back on their milk orders and this milk will move to butter/powder plants to find processing space. Capacity is available and plants are in shape to handle the expected load. Milk production trends are reported as flat on a week-to-week basis. High feed and hay costs remain a huge factor for milk producers. ARIZONA milk production is steady. Weather conditions are good for the milk cows in the state. Processing plants are increasing schedules to handle surplus milk supplies as milk sales to regular fluid and other accounts slow. Offerings of condensed skim and cream are available and increasing. Severe winter weather conditions slightly impacted the more northern areas of NEW MEXICO, but blizzard conditions in nearby states were greatly affecting transportation into and out of the state. Local plants are seeing processing schedules build ahead of the holidays. Class I demand has slowed as the week progresses. When possible, bottlers are working on advanced schedules to have extra time off around the holidays. Western CREAM demand began to slow as the week developed and was following expected levels as the yearend holiday needs slowed. The majority of available cream is moving into butter plants to find processing homes. Most holiday themed, cream based items have been produced and shipped to customers. The seasonal items are heavily featured in weekly newspaper ads for retail stores. The CME Grade AA butter closed at \$1.5950 on Wednesday, December 21, up 0.5 cents from a week ago. Early in the week, Western cream multiples range from 110-125 and vary based on class usage and basing points. Some cream offerings are being discounted over the yearend. Milk production levels in the PACIFIC NORTHWEST are following expected amounts. Washington production is above a year ago due to increased cow numbers. Milk handlers expect to be busy over the holiday as some manufacturing plants are working reduced schedules. Butter/powder plants are expecting increased volumes due to the reduced demand for Class I and Class II needs. No problems are anticipated in processing the available supplies. UTAH and IDAHO milk supplies are also above a year ago, although at a seasonally reduced level. Processing plants within the region are expected to handle the bulk of available

CONTINUED ON PAGE 4A

FLUID MILK AND CREAM

CONTINUED FROM PAGE 4

supplies over the holiday weekend. Higher cull cow prices are helping to balance increased replacement heifer prices. Prices at a recent auction in Idaho were amongst the yearly highs with the top 50 heifer average price at \$1530/head. According to NASS, November Milk Production for the 23 surveyed states totals 14.7 billion pounds, up 2.2% from last year. November milk production changes from a year ago for selected Western states are as follows: Arizona +6.0%, California +2.4%, Colorado +4.7%; Idaho +1.7%, New Mexico +6.3%, Oregon +1.0%, Utah +4.8%, and Washington +4.4%. Monthly milk production per cow for the 23 surveyed states was 16 pounds (+0.9%) more than November 2010. Compared to November 2010, the Arizona herd is up 9,000 head, California +27,000, Colorado +9,000; Idaho +7,000, New Mexico +14,000, Oregon +1,000, Utah +3,000, and Washington +10,000. These 8 states are up 80,000 cows and the 23 surveyed states are up 108,000. November cow numbers in these 8 states were 5,000 less than the previous month.

Prices represent carlot/trucklot quantities for domestic and export sales packaged in 25 kg. or 50 lb. bags, or totes, spray process, dollars per pound.

NONFAT DRY MILK - CENTRAL AND EAST

CENTRAL: Nonfat dry milk prices are unchanged in light trading. As bottled milk demand follows the usual downturn throughout the week, manufacturing milk intakes will increase at several plants as the weekend approaches. A few plants hope to find some other outlets for condensed skim to ease the demand on dryer capacity over the weekend. Other plants will be bringing in spot milk loads from outside the region to clear into various end products, including NDM. Manufacturers expect to clear strong volumes of condensed skim into low heat NDM. High heat NDM production is on hold at most operations through the holidays to concentrate on low heat NDM throughput. Manufacturers report NDM contract discussions for 2012 continue, although many buyers are hesitant to commit on price or volume on a long term basis. Some brokers/traders are ruling out taking on any new NDM until the beginning of 2012.

EAST: Prices for nonfat dry milk were unchanged this week in very light trading. Production of nonfat dry milk has increased significantly in the East and should continue throughout the holiday period. NDM manufacturers will focus on low heat production in order to clear heavy manufacturing milk supplies as quickly as possible. Demand is limited for NDM as most end users have adequate supplies to finish their holiday production runs and are not inclined to expand inventories. Brokers indicate that numerous prospective buyers are taking a wait and see attitude, wanting to see where supplies and prices are after the heavy holiday production period.

F.O.B. CENTRAL/EAST: Includes EXTRA GRADE and GRADE A
LOW/MEDIUM HEAT: 1.3750 - 1.5200 MOSTLY: 1.4200 - 1.4700
HIGH HEAT: 1.5300 - 1.6500

NONFAT DRY MILK - WEST

Western nonfat dry milk markets are untested in light, yearend trading patterns. The low/medium heat nonfat dry milk prices are unchanged. Other pricing indices were only slightly changed. Spot buying demand is very light. Contract volume movement is light to moderate. Shipping factors are more difficult around the holidays, as well as inventory considerations that tend to lower demand. Drying activity is ramping up as buyers of milk are scaling back on their schedules and their needs for milk slow. With extra milk moving towards the dryers and the need for throughput, the production choice will be low heat NDM. Stocks are light to moderate and expected to build along projected levels over the next several weeks. Western high heat NDM prices are unchanged. There is limited spot interest and contract shipments are minimal. Demand has slowed ahead of the holidays and expected to remain light. Production of high heat will be minimal over the next several weeks as processors maximize dryer time and forsake high heat output. There are adequate stocks for the light interest.

F.O.B. WEST: Includes EXTRA GRADE and GRADE A
LOW/MEDIUM HEAT: 1.3500 - 1.4825 MOSTLY: 1.3700 - 1.4300
HIGH HEAT: 1.4300 - 1.5375

DRY BUTTERMILK - CENTRAL AND EAST

CENTRAL: Central dry buttermilk prices decreased slightly this week on moderate trading activity. With spot cream supplies building strongly throughout the week, butter and dry buttermilk production should increase proportionally. A few plants that churn intermittently also expect butter making and dry buttermilk production will increase this week, as spot milk availability improves through the holiday weekend.

EAST: Dry buttermilk prices declined for the third consecutive week as the low end of the range declined 3 cents and the upper end of the range declined 1 cent. Churns will be operating at capacity for most of the holiday week, significantly increasing dry buttermilk production. Ice cream manufacturing holiday shutdowns have decreased condensed buttermilk sales. Export interest continues with brokers receiving pricing inquiries, but no trades have yet been consummated. Domestic demand is declining as most users have adequate supplies to complete yearend production and are not inclined to expand inventories. Manufacturers' inventories in the East are significantly increasing. The market undertone is weak, because of the softening yearend domestic demand and expanded production.

F.O.B. CENTRAL/EAST: 1.2600 - 1.4100

DRY BUTTERMILK - WEST

Dry buttermilk prices in the West are unchanged. The market undertone remains unsettled. Market activity is light and typical for end of the year. There are offerings available from several producers, yet demand is limited. Production schedules are building, as butter production is active, but sales of condensed buttermilk trend lower. Drying times are often tight, but are available. Dry buttermilk stocks are light to moderate and available to fill current needs.

F.O.B. WEST: 1.2500 - 1.4000 MOSTLY: 1.3600 - 1.3750

DRY WHOLE MILK - NATIONAL

Prices on the dry whole milk range adjusted lower. Several plants indicate dry whole milk production is off the schedule this week as NDM production will take precedence as a way of clearing increased manufacturing milk intakes. A few other plants, which receive manufacturing milk on an overflow-type basis, indicate dry whole milk production will ramp up significantly during this upcoming 10-12 day period. This is a result of many other dairy manufacturing plants decreasing work days during the holidays. Interest for dry whole milk is steady to higher for both spot loads and 2012 contract commitments.

F.O.B. PRODUCING PLANT: 1.7500 - 1.9000

CALIFORNIA MANUFACTURING PLANTS - NNDM

WEEK ENDING	PRICE	TOTAL SALES	SALES TO CCC
December 16	\$1.4254	13,444,861	0
December 9	\$1.4376	10,958,545	0

Prices are weighted averages for Extra Grade and Grade A Nonfat Dry Milk, f.o.b. California manufacturing plants. Prices for both periods were influenced by effects of long-term contract sales. Total sales (pounds) include sales to CCC. Compiled by Dairy Marketing Branch, California Department of Food and Agriculture.

WHEY, WPC 34%, LACTOSE & CASEIN

Prices represent carlot/trucklot quantities for domestic and export sales packaged in 25 kg. or 50 lb. bags, or totes, spray process, dollars per pound.

DRY WHEY - CENTRAL

Prices for Central dry whey moved fractionally higher on a firm market. A few cheese plants report their dry whey output should increase slightly during the next 2 weeks as bottled milk demand decreases through the balance of the year. Interest for dry whey is steady, with buyers interested in full loads as well as LTL's and mixed loads. Spot load availability is light. Light resale activity indicates prices are in the high \$.60's to low \$.70's. ANIMAL FEED DRY WHEY prices are unchanged to higher. Demand is steady to lighter as several end users are focusing on working through existing inventories before closing the books on 2011.

F.O.B. CENTRAL: .6100 - .6925 MOSTLY: .6250 - .6700
F.O.B. CENTRAL: ANIMAL FEED MILK REPLACER: .4800 - .6275

DRY WHEY - NORTHEAST

Prices for dry whey moved higher on the low end of the range under contract formulation. This is the seventh consecutive week of price increases and moved the average of the range to \$0.6700. Cheese and dry whey production are increasing as heavy manufacturing milk supplies are providing more milk to cheese makers. Domestic and export demand remain very good. Manufacturers who struggled with staying current with their existing contract commitments are welcoming the increased production over the holiday period. Buyers wanting additional supplies continue to have trouble sourcing product on the spot market and are having to resort to purchasing opportunities via resale. Limited resale activity this week had prices at and over the \$0.6900 level. Supplies remain tight giving the market a strong undertone.

F.O.B. NORTHEAST: EXTRA GRADE AND GRADE A: .6575 - .6825

DRY WHEY - WEST

Western edible dry whey prices are higher again this week as both the range and mostly price series are trading above last week. F.O.B. sales above \$.7000 were reported in very light spot trading. Supplies are very tight above contracted quantities. Resale activity is accounting for much of the limited trades and is typically above the current price ranges. Whey production is increasing marginally where increased cheese production is occurring. Although many contracts for 2012 are finalized, some users are finding restricted amounts of whey being offered for the upcoming year. The trend is for tighter supply and firmer prices. Export sales into the Pacific markets are running into competition from lower priced EU product.

NONHYGROSCOPIC: .6200 - .7025 MOSTLY: .6525 - .6850

WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST

Whey protein concentrate 34% prices are unchanged and the market is steady. Contracting for 2012 is winding down for several manufacturers as they near their quantity targets. The emphasis for some manufacturers is shifting toward fulfilling the needs of large-quantity customers, thus narrowing the sales process to a few key customers. WPC 34% production is steady to higher for the week at plants in areas where decreases in bottled milk demand have sent more milk to manufacturing plants.

F.O.B. EXTRA GRADE 34% PROTEIN: 1.4100 - 1.5100 MOSTLY: 1.4400 - 1.4800

LACTOSE - CENTRAL AND WEST

Lactose prices are steady on the mostly series, unchanged to fractionally higher on the range. Interest continues at a steady pace according to several manufacturers. Contracts for Q1 quantity/price commitments continue to roll in. Quantities under contract are nearing projected goals for many manufacturers. Lactose production is unchanged for the week. A few plants continue to lag behind their quarterly lactose projections due to sluggish cheese sales.

Including spot sales and up to 3 month contracts.

F.O.B. EDIBLE, NON PHARMACEUTICAL .6200 - .9050 MOSTLY: .7300 - .8100

CASEIN - NATIONAL

Casein markets are generally steady as 4th quarter 2011 comes to a close. The overall weakening trend for the New Year appears to not be developing as previously anticipated. Many traders and buyers were speculating that supplies would be more available than they actually are and that prices would ease. Suppliers are indicating that stocks are available for contractual commitments, but additional/uncommitted volumes are less available. Some buyers were anticipating that additional supply sources would be available, but those sources remain absent from the market place. The Oceania casein production season is on the down side of milk production, thus some operations have already shuttered their operations, while others remain in production. Casein producers indicate that the milk decline is gradual, but other manufactured dairy products are competing for declining milk volumes to keep their operations at or near full schedules, thus pulling milk away from casein output. In Europe, milk volumes are showing more signs of seasonal increases, but remain below levels that encourage renewed casein production.

SPOT SALES AND UP TO 3 MONTH CONTRACTS. PRICES ARE F.O.B., U.S. WAREHOUSE FOR EDIBLE NONRESTRICTED AND VARY ACCORDING TO MESH SIZE AND QUALITY.

RENNET: 4.6000 - 5.0500
ACID: 4.9500 - 5.2000

As of January 2012, DMN will no longer show the CCC Purchase table unless purchases occur. The last CCC purchase occurred in October 2009.

CCC PURCHASES OF DAIRY PRODUCTS (POUNDS)

	FOR THE WEEK OF DECEMBER 19 - 23, 2011			CUMULATIVE TOTALS		UNCOMMITTED INVENTORIES	
	TOTAL PURCHASES	CONTRACT ADJUSTMENTS	ADJUSTED PURCHASES	SINCE 10/01/11	SAME PERIOD LAST YEAR	WEEK ENDING 12/15/11	SAME PERIOD LAST YEAR
BUTTER							
Bulk	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-	-0-
CHEESE							
Block	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Barrel	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-	-0-
NONFAT DRY MILK							
Nonfat	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-	-0-

SUPPORT PURCHASE PRICES FOR DAIRY PRODUCTS EFFECTIVE NOVEMBER 1, 2009

BUTTER Bulk \$1.05 per pound

CHEESE 40# Blocks \$1.13 per pound; 500# Barrels \$1.10

NONFAT DRY MILK \$.80 per pound

U.S. Dairy & Total Cow Slaughter under Federal Inspection, by Regions, for Week Ending 12/03/11 & Comparable Week 2010

Regions* (000 HEAD)											U.S. TOTAL		% DAIRY OF ALL	
	1	2	3	4	5	6	7	8	9	10	WEEK	SINCE JAN 1	WEEK	SINCE JAN 1
2011-Dairy	N.A.	0.7	8.3	3.9	21.9	4.8	N.A.	N.A.	16.7	2.7	61.0	2,733.4	42.5	43.6
2010-Dairy	N.A.	0.6	8.2	3.7	22.9	4.1	0.2	N.A.	16.8	3.2	61.3	2,623.9	43.3	43.5
2011-All cows	N.A.	0.8	10.5	14.5	41.9	29.2	N.A.	N.A.	21.1	4.2	143.6	6,266.0		
2010-All cows	N.A.	0.7	10.3	15.5	38.0	25.5	17.4	N.A.	22.0	7.5	141.7	6,033.3		

The cow slaughter table will be simplified in 2012 but will continue dairy cow weekly totals but without regional data.

SOURCE: The slaughter data are gathered and tabulated in a cooperative effort by the Agricultural Marketing Service, The Food Safety and Inspection Service, and the National Agricultural Statistics Service, all of USDA.

CLASS III MILK PRICES, (3.5% BF)

YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
2007	13.56	14.18	15.09	16.09	17.60	20.17	21.38	19.83	20.07	18.70	19.22	20.60
2008	19.32	17.03	18.00	16.76	18.18	20.25	18.24	17.32	16.28	17.06	15.51	15.28
2009	10.78	9.31	10.44	10.78	9.84	9.97	9.97	11.20	12.11	12.82	14.08	14.98
2010	14.50	14.28	12.78	12.92	13.38	13.62	13.74	15.18	16.26	16.94	15.44	13.83

CLASS IV MILK PRICES, (3.5% BF)

YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
2007	12.53	12.71	13.71	16.12	18.48	20.76	21.64	21.87	21.61	21.31	20.40	19.18
2008	16.29	14.67	14.17	14.56	15.26	15.92	16.60	16.64	15.45	13.62	12.25	10.35
2009	9.59	9.45	9.64	9.82	10.14	10.22	10.15	10.38	11.15	11.86	13.25	15.01
2010	13.85	12.90	12.92	13.73	15.29	15.45	15.75	15.61	16.76	17.15	16.68	15.03

FEDERAL MILK ORDER CLASS PRICES FOR 2011 (3.5% BF)

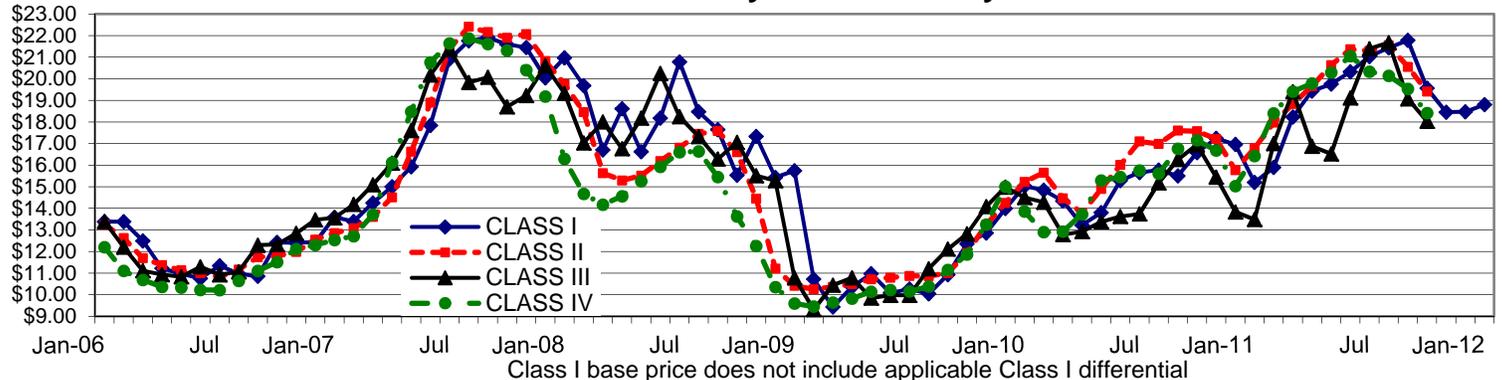
CLASS	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN 2012
I 1/	15.20	15.89	18.23	19.43	19.75	20.32	21.03	21.43	21.78	19.56	18.45	18.47	18.80
II	16.79	17.97	18.83	19.66	20.63	21.37	21.29	21.55	20.55	19.41	19.26		
III	13.48	17.00	19.40	16.87	16.52	19.11	21.39	21.67	19.07	18.03	19.07		
IV	16.42	18.40	19.41	19.78	20.29	21.05	20.33	20.14	19.53	18.41	17.87		

1/ Specific order differentials to be added to this base price can be found by going to:

www.ams.usda.gov/DairyMarketingStatistics; then select "Prices"; and then select "Principal Pricing Points." \$ Revised

Per CWT.

Class Milk Prices by Month January 2006 to Date



INTERNATIONAL DAIRY MARKET NEWS - EUROPE

Information gathered December 12 - 23 , 2011

Prices are U.S. \$/MT, F.O.B. port. Information gathered for this report is from trades, offers to sell, and secondary data. This bi-weekly report may not always contain the same products and/or regions. Future reports may be included or withdrawn depending on availability of information. MT = metric ton = 2,204.6 pounds.

WESTERN OVERVIEW: Milk production in Europe continues to show more signs of seasonal increases. Although overall milk volumes are low, manufacturing and milk processing facilities are reporting increasing volumes. Weather conditions throughout most of Europe are following trends of early winter, although no significant snow or cold related issues are being reported. Temperatures are lower and overall moisture is limited. Traders and handlers are indicating that buyer interest has slowed as the yearend holiday period is at hand. Cheese and butter demand increased significantly during the past 4 - 6 weeks, typical for this time of the year. Much of this demand was from internal or domestic buyers, although some increased international cheese activity was reported. International butter interest was very light as higher than desired prices often limited buyer interest. Some international buyers, typically looking to Europe for their butter needs, are looking beyond European supply sources for first quarter needs. Some buyers are looking at U.S. possibilities as prices there are about \$1,000 per ton lower. European traders and handlers are anticipating that sales activity, both domestically and internationally, will be quiet until the New Year. At the December 15 Dairy Commission meeting, the Commission decided to suspend the periodic adoption of regulations fixing the export refunds for dairy products until the market situation shows a necessity to grant export refunds once again. A similar decision was taken in July 2007. The provision of export refunds via tender remains open.

BUTTER/BUTTEROIL: European butter markets and prices are weak. Milk production is starting to increase from seasonally low levels, although milk volumes are not significant enough to greatly enhance churning activity. Sales activity of butter is basically limited to domestic or internal buyer needs, with prices often firmer than international buyers are willing to pay. Butter demand has been quite good domestically, very typical for the period leading up to the yearend holidays. As of mid-December, PSA butter holdings total 35,204 MT. This figure compares to 48,210 MT a month ago and 37,950 MT a year ago. Current holding are less than half of the nearly 89,000 MT of butter that cleared to the program during the open season March - August of this year.

82% BUTTERFAT:	4,450 - 4,725
99% BUTTERFAT:	4,975 - 5,325

SKIM MILK POWDER (SMP): Skim milk powder markets and prices are generally weak. Milk production is at seasonally low levels, thus new powder generation is limited. Current sales activities are being filled from inventoried stock of the most recent season. Traders and handlers are indicating that stocks are sufficient to fulfill buyer interest, with most interest coming from internal or domestic buyers. Some international sales are being reported although these are not significant at this time. As the yearend holidays approach, overall buyer interest has eased and will potentially resume after the New Year. Traders and handlers continue to await the outcome of a recent dairy product tender of which an undisclosed volume of skim milk powder is being sought. Various traders and handlers have submitted offers to sell 2 - 3 weeks ago.

1.25% BUTTERFAT:	2,950 - 3,150
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WHOLE MILK POWDER (WMP): Whole milk powder markets are steady to weak, as prices decline on the bottom end of the reported range. European traders and handlers continue to await the results of a recent dairy product tender. As part of the tender, an undisclosed volume of whole milk powder is being sought. Various European traders and handlers submitted offers to the tender 2 - 3 weeks ago. Whole milk powder stocks are available for this potential need for first quarter delivery. Milk production is starting to increase more noticeably in many Western European countries, although whole milk powder production remains seasonally low.

26% BUTTERFAT:	3,600 - 3,950
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SWEET WHEY POWDER: European whey powder markets and prices are mixed. Cheese production continues at seasonally low levels, although milk volumes are starting to increase, thus cheese output will soon be increasing. At this point, whey volumes are limited and often demand outpaces supply. Traders and handlers are indicating that demand is quite aggressive, especially from international buyers. Often, this buyer interest goes unfilled.

NONHYGROSCOPIC:	1,250 - 1,500
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EASTERN OVERVIEW: Eastern European milk production is basically holding at seasonally low level. This region of Europe typically trails Western European production trends by about 4 - 6 weeks, thus milk volumes are not showing any significant signs of increases. With milk volumes maintaining low levels, new product generation is minimal. Traders and handlers do indicate that inventoried stocks, from the most recent season, are available for domestic and international buyer interest. On December 9, the European Union and Croatian leaders signed Croatia's EU Accession Treaty. Subject to the Treaty's ratification by all Member States and Croatia, the country will become the 28th Member State of the European Union on July 1, 2013. Croatia will hold a referendum on the accession treaty in early 2012. Croatia has been granted a transitional period until December 31, 2015 for establishment in the milk and other food and by-product sectors in order to meet structural EU standards. Products from noncompliant establishments will be identified with a special health mark and can only be placed within Croatian markets and on markets of third countries.

Exchange rates for selected foreign currencies: December 19, 2011

.9628 Canadian Dollar	.0190 Indian Rupee
.2327 Argentina Peso	.7555 New Zealand Dollar
.0719 Mexican Peso	.9896 Australian Dollar
.2896 Polish Zloty	.0128 Japanese Yen
	1.2997 Euro

To compare the value of 1 US Dollar to Mexican Pesos: (1/.0719) = 13.9082 Mexican Pesos. Source: "Wall Street Journal"

Information gathered December 12 - 23, 2011

Prices are U.S. \$/MT, F.O.B. port. Information gathered for this report is from trades, offers to sell, and secondary data. This bi-weekly report may not always contain the same products and/or regions. Future reports may be included or withdrawn depending on availability of information. MT = metric ton = 2,204.6 pounds.

OVERVIEW: Milk production in the Oceania region continues to edge lower gradually. In New Zealand, milk processors and handlers are projecting that milk volumes are about 20% below peak levels and are trending lower as forecast earlier in the season. Steady rainfall is being reported on both islands and grass growth is good, although some milk producers are stating that grass quality might not be as positive as in previous years. In Australia, the milk production season is on the down side of the peak. November milk output is trending 3.3% heavier than last November and year to date output (5 months) is running about 3% stronger. Strong milk output continues to be reported in Northern Victoria where milk volumes are running about 11% ahead of last November. Gippsland, within the Victoria region, continues to struggle with excessive moisture and November volumes are nearly 4% lower than last November. Cool temperatures continue to slow drying conditions in the region. At this point of the season and with generally positive milk production trends thus far, annual milk output estimates for Australia continue to run 2 - 3% ahead of last year. Positive production trends in both New Zealand and Australia could quickly turn around, especially if adverse summer weather patterns develop and hot temperatures prevail for an extended period of time. Traders and handlers are indicating that sales activity and shipments continues to center around core customers. Sales activity is slowing from some Oceania customers as the yearend holiday period nears, while buying and shipment patterns continue for others. The December 20 g/DT session #58 results showed overall weakness in most all product areas with the exception of anhydrous milk fat and cheddar cheese. During this auction, Contract #1 (January) again had activity only in U.S. produced skim milk powder which averaged \$3,081, basically unchanged from the previous contract. Contract #2 (February) average prices and changes from the previous session are: anhydrous milk fat, \$3,978/MT, -0.2%; buttermilk powder, \$3,280, -3.8%; skim milk powder, \$3,258, -3.0%; whole milk powder, \$3,556, -2.9%; milk protein concentrate \$5,790/MT -7.7%; rennet casein \$8,086/MT -7.8%; and cheddar \$3,554/MT, +1.1%. Within the past two weeks, it was announced that the first European company will sell skim milk powder on the g/DT platform in April 2012. Also in April, Oceania sourced lactose will be offered for the first time.

BUTTER: Oceania butter markets and prices are mixed, although the overall tone is weaker. Churning activity in both New Zealand and Australia is strong, but trending lower from seasonal high levels. Some traders and handlers are reporting that sales activity and commitments are running stronger than last year. Overall positive milk flow is encouraging manufacturers and handlers to remain optimistic about stock availability for this need. Although butter volumes are somewhat heavier than previous years, surplus volumes are not being reported. At the December 20 g/DT event, anhydrous milk fat averaged \$4,183 per MT, 4.8% higher than the previous all contract average.

82% BUTTERFAT:

3,550 - 4,000

SKIM MILK POWDER (SMP): Oceania skim milk powder prices are slightly higher on the bottom of the reported range, but the overall market tone is steady to weak. Butter/powder production schedules are seasonally strong as the milk flow remains high. Traders and handlers indicate that sales activity has slowed for some customers due to the upcoming yearend holidays with Asian and Chinese patterns continuing. At the December 20, g/DT event, skim milk powder averaged \$3,312 per MT, 3.2% lower than the previous all contract average. U.S. sourced powder averaged \$3,081 per MT for January shipment with Oceania sourced volumes averaging \$3,258 - \$3,845 per MT for shipments February - August 2012.

1.25% BUTTERFAT:

3,200 - 3,700

WHOLE MILK POWDER (WMP): Whole milk powder markets are mixed, although the undertone is generally steady. Prices are also mixed with prices trending higher on the low end of the reported range, although g/DT average prices are lower. Whole milk powder production remains seasonally strong, but trending lower from seasonal peak levels. Stocks of powder are sufficient for core customer needs, but limited for spot or new buyer interest. At the December 20 g/DT event, whole milk powder averaged \$3,589 per MT, 1.5% lower than the previous all contract average earlier in the month. Contracts 2 and 4 realized slightly lower average prices trends with contract 3 (March - May) realizing a slightly higher average.

26% BUTTERFAT:

3,550 - 3,800

CHEDDAR CHEESE: Cheese markets in the Oceania regions are generally steady. Prices are unchanged to slightly higher, especially on the lower end of the reported range. Cheese production is seasonally active as the milk flow remains strong. Traders and handlers indicate that cheese sales and shipments continue to center around regular and ongoing customer needs. Cheddar cheese prices averaged \$3,601 per MT, 1.0% higher than the previous all contract average at the most recent, December 20, g/DT event. For contracts 2 and 3, cheese price averages were \$3,554, +1.1% and \$3,653, +0.8% higher respectively.

39% MAXIMUM MOISTURE:

3,550 - 4,350

INTERNATIONAL DAIRY MARKET NEWS - OCEANIA

Information gathered December 12 - 23, 2011

Prices are U.S. \$/MT, F.O.B. port. Information gathered for this report is from trades, offers to sell, and secondary data. This bi-weekly report may not always contain the same products and/or regions. Future reports may be included or withdrawn depending on availability of information. MT = metric ton = 2,204.6 pounds.

DECEMBER 20, 2011 Global/Dairy Trading (g/DT) event 58 recap US \$ per metric ton										
Average prices and Changes in price Indices from Previous event	Contract #1		Contract #2		Contract #3		Contract #4		All Contracts	
	January 2012		February 2012		March - May 2012		June - August 2012			
Anhydrous Milk Fat	N.A.	N.A.	\$3,978	-0.2%	\$4,309	+8.0%	\$4,542	+11.8%	\$4,183	+4.8%
Buttermilk Powder	N.A.	N.A.	\$3,280	-3.8%	N.A.	N.A.	N.A.	N.A.	\$3,280	-3.8%
Skim Milk Powder	\$3,081	N.C.	\$3,258	-3.0%	\$3,366	-5.0%	\$3,845	+0.3%	\$3,312	-3.2%
Whole Milk Powder	N.A.	N.A.	\$3,556	-2.9%	\$3,615	+0.1%	\$3,659	-0.4%	\$3,589	-1.5%
Milk Protein Concentrate	N.A.	N.A.	\$5,790	-7.7%	\$5,930	-5.6%	N.A.	N.A.	\$5,860	-6.7%
Rennet Casein	N.A.	N.A.	\$8,086	-7.8%	\$8,155	-6.1%	N.A.	N.A.	\$8,122	-6.9%
Cheddar	N.A.	N.A.	\$3,554	+1.1%	\$3,653	+0.8%	N.A.	N.A.	\$3,601	+1.0%

CHICAGO MERCANTILE EXCHANGE FUTURES

Selected settling prices, (open interest), and volume 1/

Month	12/08	12/09	12/12	12/13	12/14	12/15	12/16	12/19	12/20	12/21
CME - CLASS III MILK FUTURES (Pit-Traded)										
DEC 11	18.54 (5789) 0	18.59 (5778) 0	18.56 (5727) 0	18.56 (5757) 2	18.56 (5746) 0	18.56 (5850) 0	18.66 (5831) 0	18.71 (5783) 0	18.70 (5726) 0	18.70 (5768) 0
JAN 12	17.25 (5159) 0	16.86 (5147) 2	16.75 (5133) 0	16.78 (5100) 0	16.66 (5036) 0	16.67 (5011) 1	17.09 (4822) 7	17.30 (4722) 5	17.24 (4650) 9	17.22 (4647) 0
FEB 12	17.18 (3822) 0	16.86 (3967) 0	16.88 4089) 0	16.99 (4150) 0	16.94 (4176) 0	17.03 (4199) 2	17.26 (4232) 2	17.34 (4298) 5	17.36 (4403) 0	17.38 (4444) 0
MAR 12	17.07 (3283) 0	16.83 (3324) 0	16.87 (3337) 0	17.00 (3359) 0	17.01 (3405) 0	17.08 (3439) 2	17.12 (3485) 2	17.19 (3514) 5	17.20 (3530) 0	17.20 (3564) 2
APR 12	16.81 (2448) 0	16.75 (2475) 0	16.82 (2496) 0	16.93 (2500) 0	16.90 (2521) 0	16.96 (2529) 2	16.97 (2552) 2	16.99 (2568) 5	17.04 (2596) 4	17.06 (2631) 2
MAY 12	16.94 (2389) 0	16.82 (2409) 0	16.90 (2423) 0	16.98 (2431) 0	16.93 (2434) 0	16.94 (2435) 2	16.93 (2440) 2	16.95 (2453) 0	16.97 (2493) 0	17.02 (2502) 2
JUN 12	16.97 (2112) 0	16.91 (2130) 0	16.96 (2133) 0	17.03 (2140) 0	16.98 (2145) 0	17.04 (2137) 2	17.03 (2144) 2	17.00 (2157) 0	17.02 (2175) 0	17.02 (2180) 2
JUL 12	17.10 (1474) 0	17.06 (1481) 0	17.14 (1495) 0	17.14 (1498) 0	17.14 (1506) 0	17.11 (1512) 2	17.09 (1528) 2	17.10 (1543) 0	17.15 (1543) 0	17.19 (1553) 2
AUG 12	17.19 (1433) 0	17.15 (1436) 0	17.20 (1445) 0	17.21 (1449) 0	17.21 (1453) 0	17.20 (1458) 2	17.18 (1469) 2	17.18 (1481) 0	17.22 (1487) 0	17.21 (1494) 2
SEP 12	17.22 (1361) 0	17.15 (1366) 0	17.17 (1379) 0	17.17 (1383) 0	17.17 (1387) 0	17.17 (1392) 2	17.19 (1398) 2	17.19 (1414) 0	17.21 (1415) 0	17.20 (1422) 2
CME - CLASS IV MILK FUTURES (Pit-Traded)										
DEC 11	16.90 (396) 0	17.05 (397) 0	17.05 (397) 0	17.05 (397) 0	17.05 (397) 0	17.05 (397) 0	17.05 (397) 0	17.05 (397) 0	17.05 (397) 0	17.05 (397) 0
JAN 12	16.88 (325) 0	16.90 (325) 0	16.90 (325) 0	16.90 (325) 0	16.90 (325) 0	16.90 (325) 0	16.91 (325) 0	16.91 (325) 0	16.91 (325) 0	16.92 (325) 0
FEB 12	16.80 (327) 0	16.80 (329) 0	16.82 (332) 0	16.82 (332) 0	16.83 (332) 0	16.95 (333) 0	16.95 (333) 0	16.95 (333) 0	16.95 (333) 0	16.95 (333) 0
CME - CASH SETTLED BUTTER FUTURES (Electronic-Traded)										
DEC 11	164.48 (687) 0	164.25 (687) 0	163.50 (695) 10	163.00 (695) 0	163.00 (705) 10	163.00 (705) 0	162.75 (705) 0	162.75 (705) 0	162.75 (705) 0	162.75 (705) 0
JAN 12	163.50 (526) 0	163.00 (521) 11	159.00 (532) 31	160.00 (532) 10	160.00 (536) 22	161.00 (538) 20	161.00 (538) 0	161.03 (538) 0	162.00 (544) 14	164.00 (547) 18
FEB 12	164.60 (556) 0	164.00 (556) 4	162.50 (565) 28	162.00 (576) 20	162.50 (588) 29	163.75 (579) 16	163.75 (579) 0	164.03 (579) 0	164.03 (585) 15	165.48 (597) 26
CME - NONFAT DRY MILK FUTURES (Pit-Traded)										
DEC 11	142.50 (292) 0	142.50 (292) 0	142.50 (292) 0	142.50 (292) 0	142.50 (292) 0	142.50 (292) 0	142.50 (292) 0	142.50 (292) 0	142.50 (292) 0	142.50 (292) 0
JAN 12	140.75 (133) 0	141.00 (133) 0	141.25 (133) 0	141.25 (133) 0	142.00 (129) 0	143.00 (129) 0	142.50 (127) 0	142.50 (127) 0	142.50 (127) 0	142.50 (128) 0
FEB 12	139.25 (122) 0	140.00 (122) 0	140.50 (122) 0	140.53 (122) 0	141.08 (119) 0	141.30 (119) 0	142.03 (118) 0	142.05 (118) 0	142.05 (118) 0	142.08 (118) 0
CME - WHEY (Electronic-Traded)										
DEC 11	65.50 (434) 28	65.00 (434) 1	64.70 (434) 2	64.70 (434) 0	65.25 (434) 1	65.25 (434) 2	65.75 (434) 3	65.75 (434) 0	65.88 (434) 5	65.88 (434) 0
JAN 12	66.00 (395) 40	66.20 (399) 15	65.73 (433) 38	66.00 (439) 9	65.98 (441) 2	66.00 (445) 5	67.25 (442) 11	68.00 (437) 6	68.00 (437) 5	67.75 (437) 0
FEB 12	65.75 (348) 19	65.75 (353) 14	65.75 (362) 12	65.75 (365) 4	65.75 (365) 0	66.00 (367) 3	67.75 (367) 6	68.00 (367) 3	69.50 (363) 23	69.00 (360) 12
CME - CHEESE CSC (Electronic-Traded)										
DEC 11	1.78 (1141) 0	1.78 (1141) 0	1.78 (1141) 0	1.78 (1141) 0	1.78 (1141) 0	1.78 (1141) 0	1.79 (1141) 0	1.79 (1141) 0	1.79 (1141) 0	1.79 (1141) 0
JAN 12	1.65 (931) 0	1.60 (980) 98	1.60 (1062) 96	1.60 (1062) 0	1.60 (1070) 16	1.59 (1074) 32	1.62 (1068) 6	1.64 (1068) 22	1.64 (1083) 17	1.64 (1088) 5
FEB 12	1.64 (819) 8	1.61 (843) 58	1.61 (865) 39	1.62 (867) 4	1.62 (872) 13	1.62 (876) 27	1.63 (874) 39	1.63 (875) 8	1.63 (890) 17	1.65 (897) 7
MAR 12	1.63 (848) 12	1.61 (858) 11	1.61 (868) 10	1.62 (868) 0	1.62 (868) 0	1.63 (879) 39	1.63 (892) 17	1.61 (901) 9	1.62 (911) 21	1.63 (912) 1
APR 12	1.62 (657) 5	1.60 (657) 9	1.61 (657) 8	1.62 (657) 0	1.62 (657) 10	1.63 (671) 15	1.63 (681) 20	1.62 (692) 11	1.62 (747) 37	1.64 (753) 6
MAY 12	1.64 (566) 4	1.63 (567) 11	1.63 (567) 8	1.64 (567) 0	1.64 (567) 0	1.64 (567) 0	1.64 (569) 10	1.63 (587) 18	1.63 (626) 56	1.64 (631) 5

1/ At the CME open interest for milk -- 200,000 pounds per contract. For more detailed information, you may call our automated voice system at 608-278-4142.

MONTHLY COLD STORAGE REPORT – TOTAL U.S. STOCKS

NOTE: Data for this report is collected from public, private and semiprivate warehouses, apple houses, and meat packing plants where food products are generally stored for 30 days or more. Commodities in space owned or leased and operated by the armed services are not reported. Food stocks held under bond are included in the storage data.

All stocks in thousand pounds except where otherwise indicated

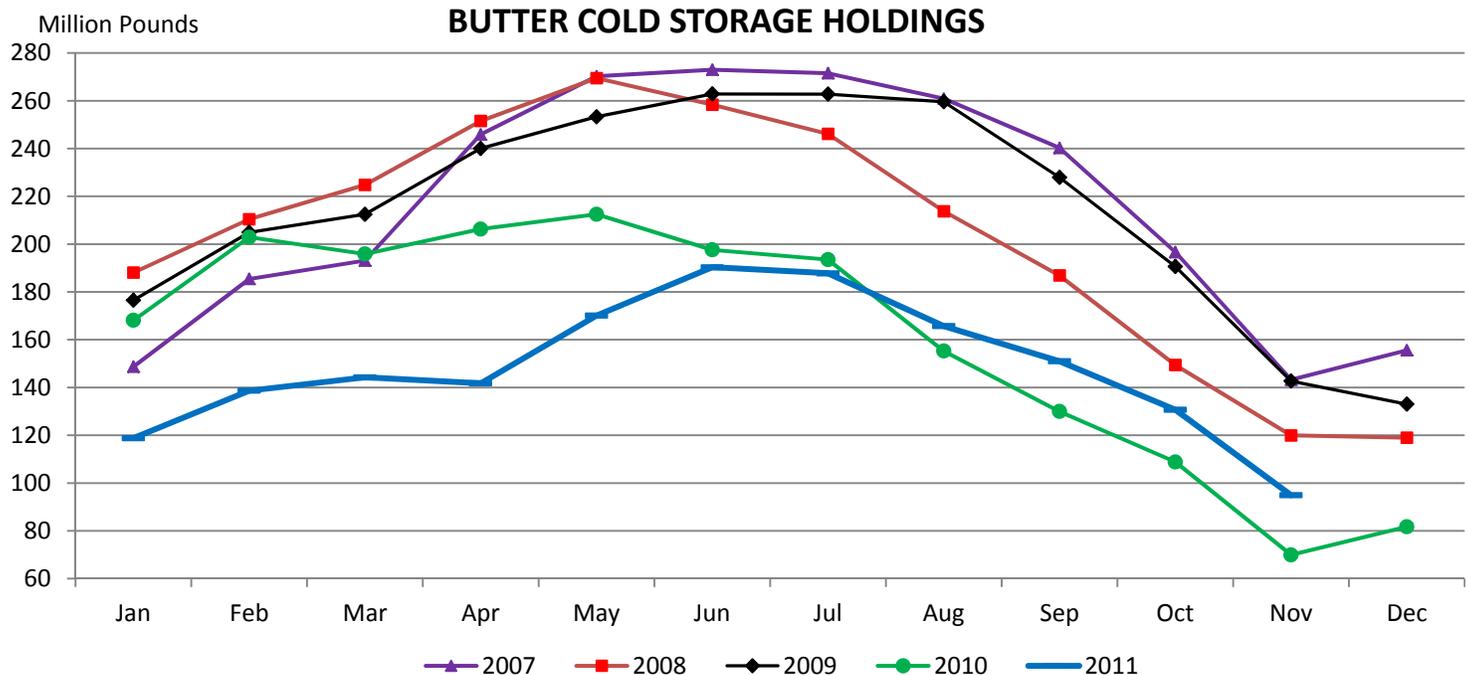
U.S. HOLDINGS OF DAIRY PRODUCTS						
COMMODITY	OCT 31, 2009	OCT 31, 2010	REVISED OCT 31, 2011	NOV 30, 2009	NOV 30, 2010	NOV 30, 2011
Butter	190,624	108,809	130,684	142,661	69,932	94,916
Cheese, Natural American	579,808	639,035	615,215	583,056	625,348	586,366
Cheese, Swiss	23,537	28,605	32,241	24,254	28,877	29,639
Cheese, Other Natural	365,840	390,175	365,987	354,435	371,892	354,571
Total Cheese	969,185	1,057,815	1,013,443	961,745	1,026,117	970,576

U.S. GOVERNMENT OWNED COLD STORAGE HOLDINGS						
COMMODITY	2009	2010	2011	2009	2010	2011
Butter	#	#	#	#	#	#
Natural American Cheese	#	#	#	#	#	#

#Beginning with the February 22, 2008, Cold Storage release, NASS discontinued published estimates for government owned butter and cheese due to data quality.

NOVEMBER STORAGE HOLDINGS BY REGION									
REGION	Natural American Cheese			Butter *			Other Natural Cheese		
	2009	2010	2011	2009	2010	2011	2009	2010	2011
New England	39,651	38,637	41,984	---	---	---	599	547	1,154
Middle Atlantic	32,602	51,691	44,786	---	---	---	22,214	14,114	17,965
East North Central	251,868	257,015	241,479	---	---	---	225,228	258,112	256,504
West North Central	86,162	84,401	105,812	---	---	---	68,915	63,877	41,131
South Atlantic	6,702	3,594	88	---	---	---	79	6,305	5,774
East South Central	2,840	4,155	1,253	---	---	---	2,623	89	261
West South Central	1,835	1,877	1,555	---	---	---	1,374	1,103	1,154
Mountain	55,156	77,570	50,533	---	---	---	6,217	5,795	5,673
Pacific	106,240	106,408	98,876	---	---	---	27,186	21,950	24,955
TOTAL	583,056	625,348	586,366	142,661	69,932	94,916	354,435	371,892	354,571

*Regional breakdowns are not reported to avoid possible disclosure of individual operations.



COMMERCIAL AND GOVERNMENT STORAGE HOLDINGS, JANUARY 2010 TO DATE

Month	Butter		Natural American Cheese		Nonfat Dry Milk					
	Commercial		Commercial		Total <u>1/</u>		Commercial		Government	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
	Million Pounds		Million Pounds		Million Pounds					
January	119	168	638	588	98	274	98	140	0	134
February	139	203	620	599	124	201	100	154	0	47
March	144	196	611	602	124	176	124	150	0	26
April	142	206	621	610	150	153	150	145	0	8
May	170	212	622	615	166	155	166	149	0	6
June	190	198	618	627	190	179	190	177	0	2
July	188	194	647	640	193	201	193	197	0	4
August	166	155	643	634	167	166	167	164	0	2
September	151	130	635	637	151	141	151	139	0	2
October	131	109	615	639	144	123	144	123	0	<u>2/</u>
November	95	70	586	625		128		128		<u>2/</u>
December		82		631		145		145		0

1/ Includes instant nonfat dry milk. 2/ Less than 500,000 pounds.

Source: U.S. Department of Agriculture. Farm Service Agency. *Summary of Processed Commodities, October 2011*. National Agricultural Statistics Service. *Cold Storage and Dairy Products, December 2011*.

NOVEMBER MILK PRODUCTION

Milk production in the 23 major States during November totaled 14.7 billion pounds, up 2.2 percent from November 2010. October revised production at 15.2 billion pounds, was up 2.5 percent from October 2010. The October revision represented an increase of 1 million pounds or 0.1 percent from last month's preliminary production estimate.

Production per cow in the 23 major States averaged 1,738 pounds for November, 16 pounds above November 2010.

The number of milk cows on farms in the 23 major States was 8.48 million head, 108,000 head more than November 2010, but unchanged from October 2011.

NOVEMBER 2011 MILK COWS AND MILK PRODUCTION, BY STATES

STATE	MILK COWS 1/		MILK PER COW 2/		MILK PRODUCTION 2/		
	2010	2011	2010	2011	2010	2011	% CHANGE FROM 2010
	THOUSANDS		POUNDS		MILLION POUNDS		PERCENT
AZ	183	192	1,835	1,855	336	356	6.0
CA	1,751	1,778	1,865	1,880	3,266	3,343	2.4
CO	122	131	1,920	1,870	234	245	4.7
FL	114	120	1,465	1,480	167	178	6.6
ID	572	579	1,830	1,840	1,047	1,065	1.7
IL	98	98	1,550	1,580	152	155	2.0
IN	170	172	1,650	1,680	281	289	2.8
IA	204	200	1,700	1,765	347	353	1.7
KS	121	124	1,730	1,735	209	215	2.9
MI	360	369	1,840	1,865	662	688	3.9
MN	470	471	1,525	1,520	717	716	-0.1
MO	96	94	1,180	1,190	113	112	-0.9
NM	319	333	1,985	2,020	633	673	6.3
NY	611	610	1,680	1,660	1,026	1,013	-1.3
OH	270	269	1,560	1,560	421	420	-0.2
OR	121	122	1,610	1,615	195	197	1.0
PA	542	538	1,600	1,580	867	850	-2.0
TX	415	435	1,750	1,810	726	787	8.4
UT	85	88	1,720	1,740	146	153	4.8
VT	136	134	1,485	1,510	202	202	0.0
VA	95	96	1,465	1,435	139	138	-0.7
WA	253	263	1,870	1,880	473	494	4.4
WI	1,265	1,265	1,630	1,655	2,062	2,094	1.6
23 STATE TOTAL	8,373	8,481	1,722	1,738	14,421	14,736	2.2

1/ Includes dry cows. Excludes heifers not yet fresh.

2/ Excludes milk sucked by calves.

Source: U.S. Department of Agriculture. National Agricultural Statistics Service. Agricultural Statistics Board. *Milk Production, December 2011.*

FEDERAL MILK ORDER MARKETING AND UTILIZATION SUMMARY, NOVEMBER 2011

HIGHLIGHTS. Handler reports of receipts and utilization under the Federal milk order system for November have been filed and tabulated. Combined totals for the 10 consolidated orders are being released. During November, more than 10.2 billion pounds of milk were received from producers. This volume of milk is 1.2 percent higher than the November 2010 volume. In November 2010 and November 2011, there were volumes of milk not pooled due to intraorder disadvantageous price relationships. More than 3.7 billion pounds of producer milk were used in Class I products, 3.3 percent lower than the previous year. Calendar composition likely had a negative impact on milk used in Class I in 2011 as compared to 2010. The all-market average Class utilization percentages were: Class I = 37%, Class II = 11%, Class III = 42% and Class IV = 10%. The weighted average statistical uniform price was \$19.70 per cwt., \$0.46 higher than last month and \$2.36 higher than last year.

PRICE AND POOL STATISTICS FOR FEDERAL MILK ORDER MARKETING AREAS FOR THE MONTH OF NOVEMBER 2011										
FEDERAL MILK ORDER MARKETING AREA 1/	ORDER NUMBER	RECEIPTS OF PRODUCER MILK		UTILIZATION OF PRODUCER MILK IN CLASS I			UTILIZATION OF PRODUCER MILK IN OTHER CLASSES			UNIFORM PRICE 2/ \$ PER CWT.
		TOTAL	CHANGE FROM PREV. YEAR	TOTAL	CHANGE FROM PREV. YEAR	PERCENT	CLASS II	CLASS III	CLASS IV	
		MIL. LBS.	PERCENT	MIL. LBS.	PERCENT		PERCENT			
Northeast (Boston)	001	1,905.1	-3.2	844.4	-6.5	44	24	24	8	20.23
Appalachian (Charlotte)	005	510.6	3.8	369.1	4.7	72	15	7	6	21.27
Florida (Tampa)	006	242.0	-2.2	206.4	-3.8	85	9	1	5	23.15
Southeast (Atlanta)	007	550.3	-4.0	386.4	-4.6	70	10	12	8	21.63
Upper Midwest (Chicago)	030 3/	2,696.9	2.1	365.3	-3.9	14	3	81	2	19.15
Central (Kansas City)	032 3/	1,056.6	-4.8	382.8	-3.8	36	11	34	19	18.82
Mideast (Cleveland)	033 3/	1,345.0	9.7	540.4	-3.1	40	15	35	10	19.18
Pacific Northwest (Seattle)	124	660.8	3.7	192.4	-1.6	29	5	39	27	18.77
Southwest (Dallas)	126	939.7	4.3	372.7	-3.4	40	8	43	9	19.89
Arizona (Phoenix)	131	359.9	3.6	121.7	0.8	34	9	25	32	19.31
ALL MARKET AVERAGE OR TOTAL	3/	10,266.9	1.2	3,781.6	-3.3	37	11	42	10	19.70

1/ Names in parentheses are the major city in the principal pricing point of the market.

2/ Statistical uniform price for component pricing orders (Class III price plus producer price differential). For other orders, uniform skim milk price times 0.965 plus uniform butterfat price times 3.5.

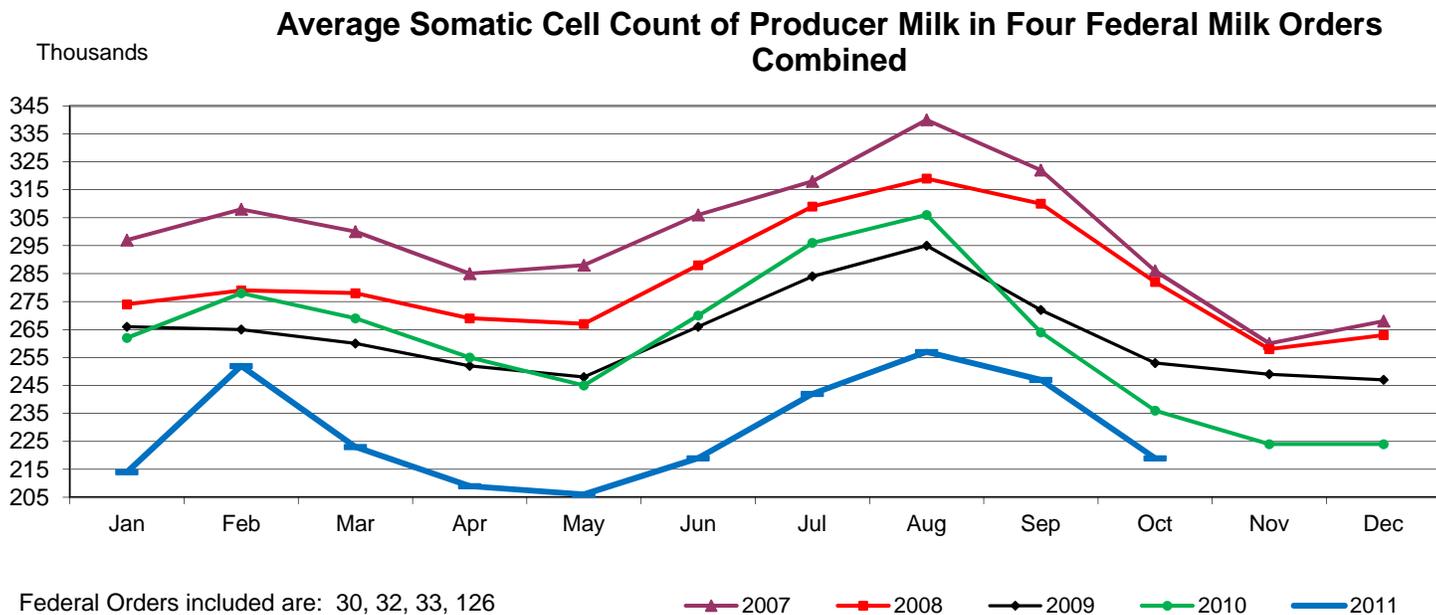
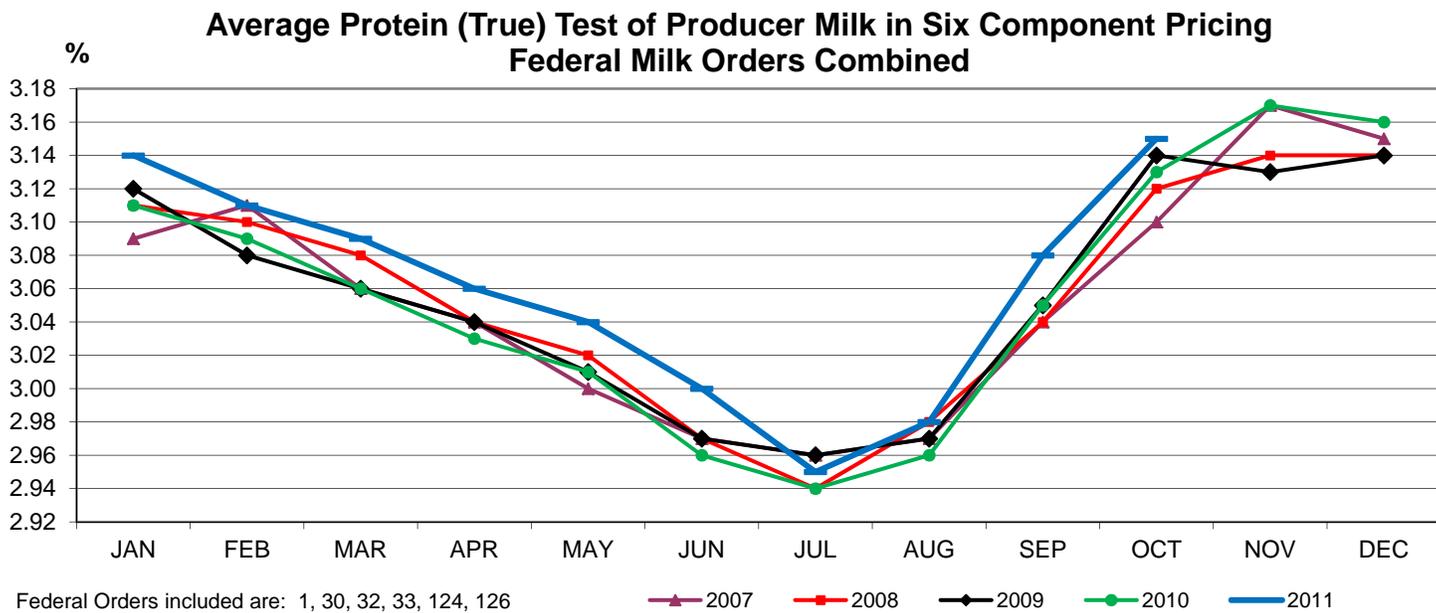
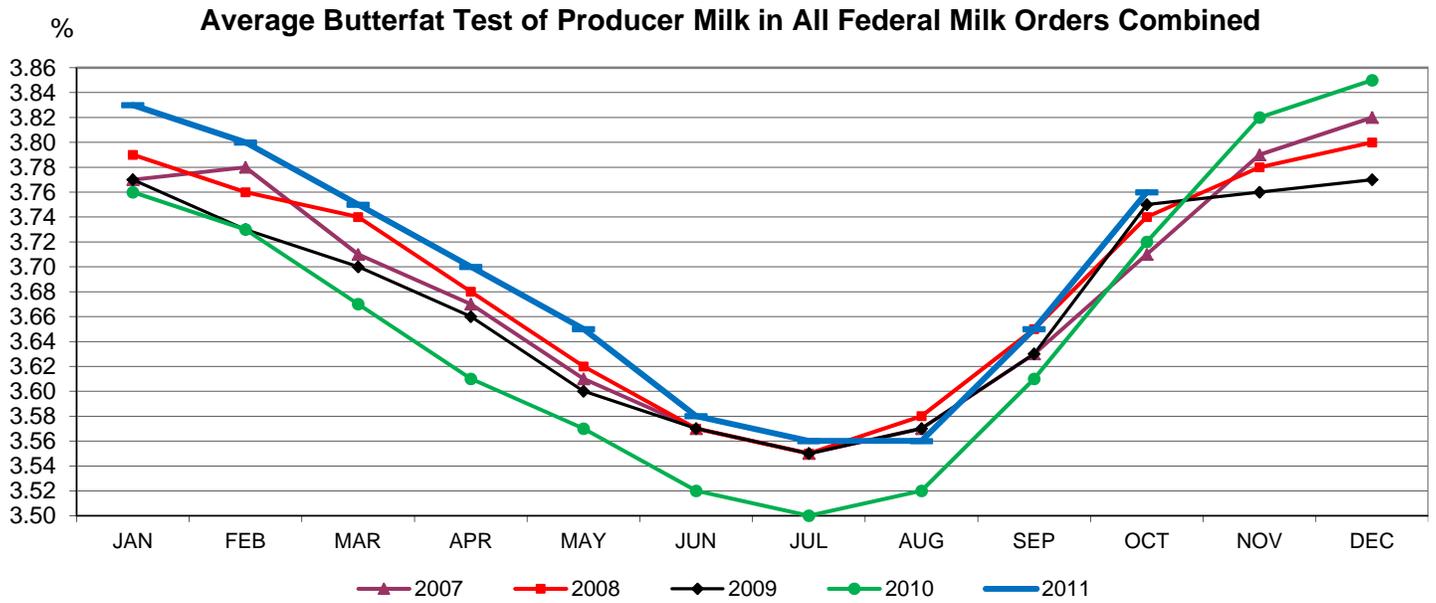
3/ Due to a disadvantageous relationship between intraorder class prices and the location adjusted statistical uniform price in these markets, handlers elected not to pool an estimated 402 million pounds of milk that normally would have been associated with these markets. In November 2010, the estimated not pooled volume of milk was 245 million pounds, also occurring in order numbers 030, 032, and 033. After adjusting for non pooled milk, the year-to-year percent change is -2.6%.

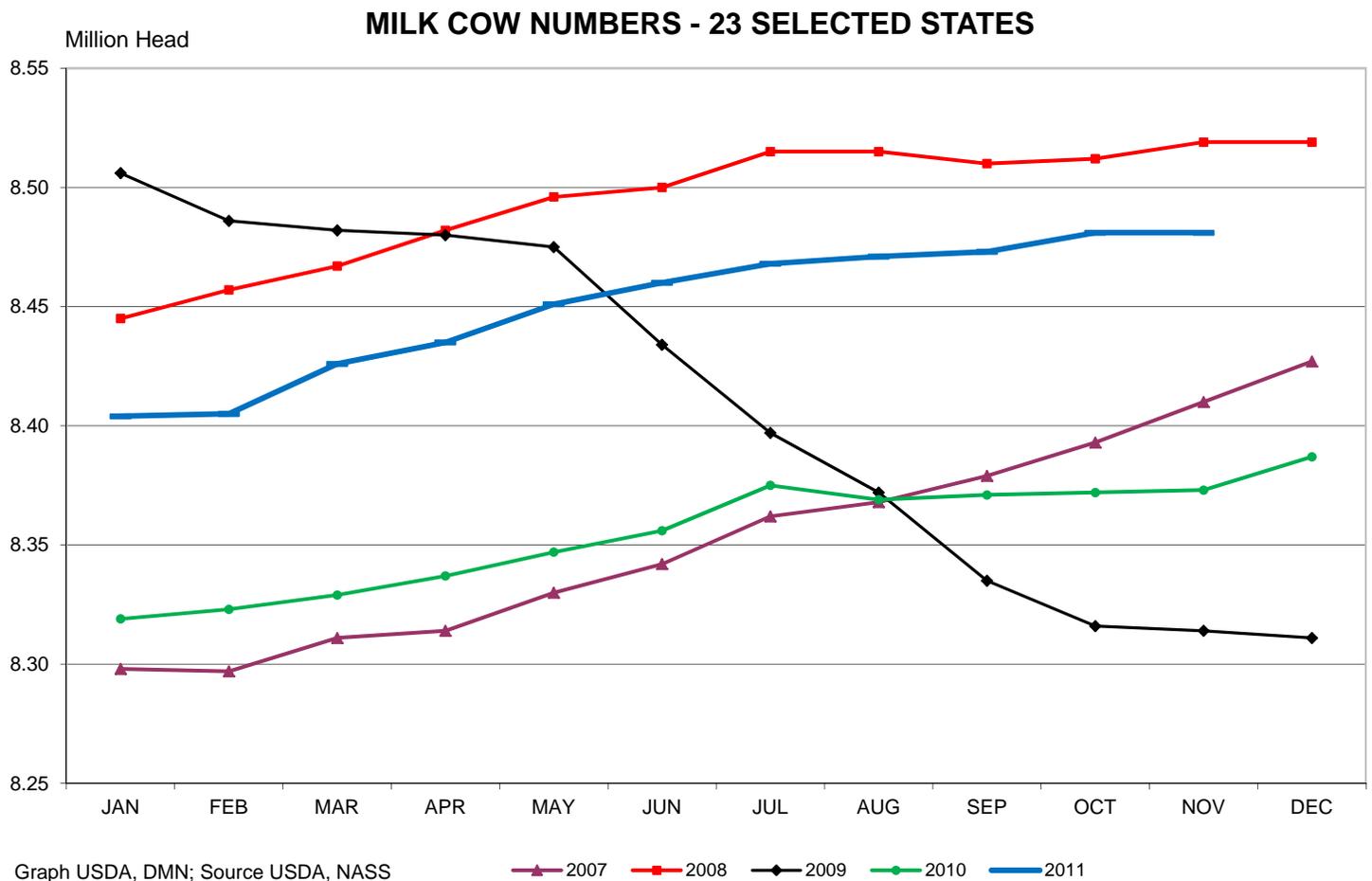
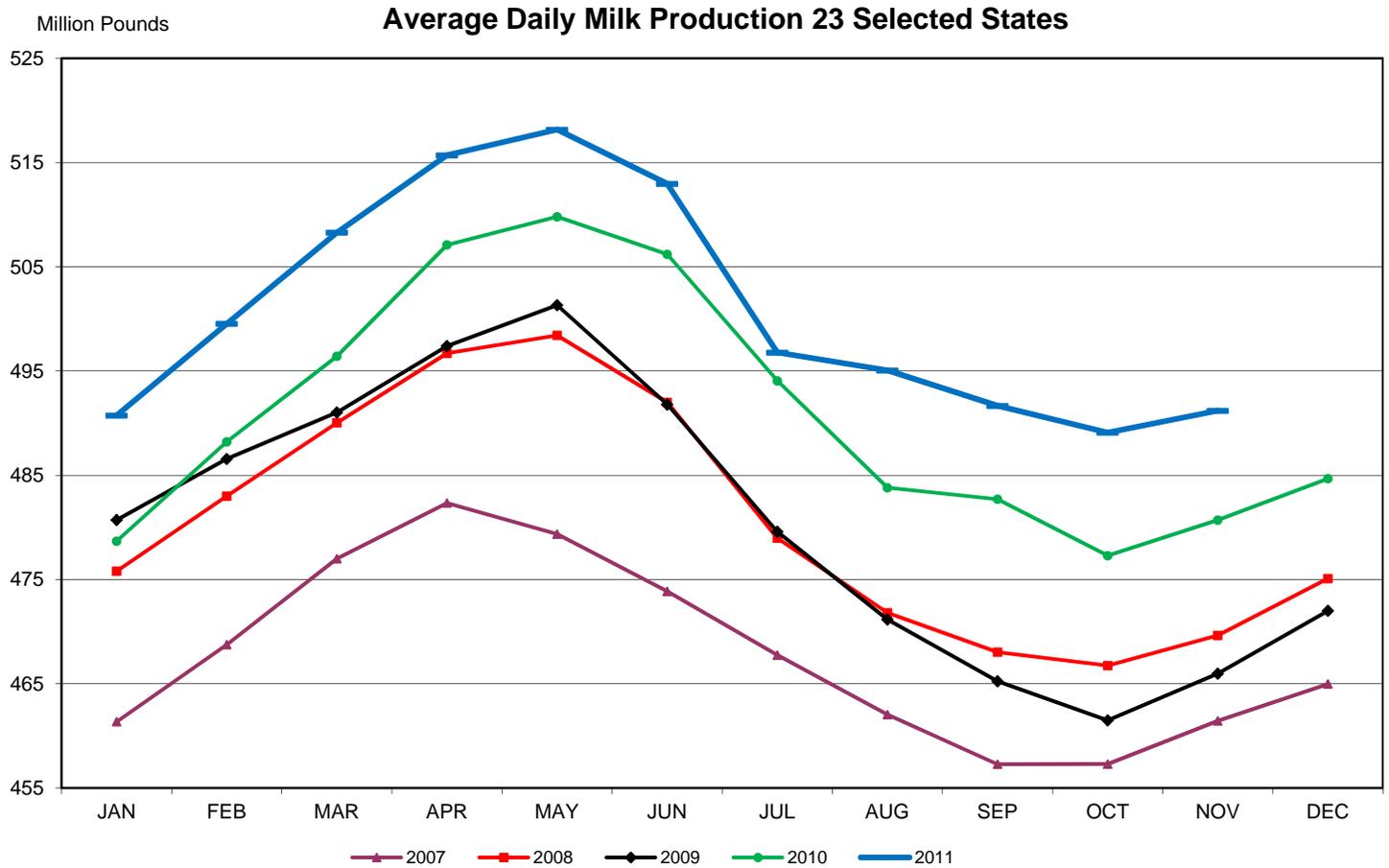
FEDERAL MILK ORDER ADVANCE PRICES, JANUARY

Class I Base Price. Under the Federal milk order pricing system, the Class I base price for January 2012 is \$18.80 per cwt. This price is derived from the Class III skim milk pricing factor of \$13.17 and the advanced butterfat pricing factor of \$1.7395. A Class I differential for each order's principal pricing point (county) is added to the base price to determine the Class I price. **Comparison to Previous Month.** Compared to December 2011, the Class I base price increased \$0.33 per cwt. For selected consumer products, the price changes are: whole milk (3.25% milk fat), \$0.40 per cwt., \$0.034 per gallon; reduced fat milk (2%), \$0.77 per cwt., \$0.066 per gallon; fat-free (skim milk), \$1.20 per cwt., \$0.104 per gallon. **Class II Price Information.** The advanced Class IV skim milk pricing factor is \$11.35. Thus, the Class II skim milk price for January is \$12.05 per cwt., and the Class II nonfat solids price is \$1.3389. **Product Price Averages.** The two-week product price averages for January are: butter \$1.6079, nonfat dry milk \$1.4419, cheese \$1.8102, and dry whey \$0.6549.

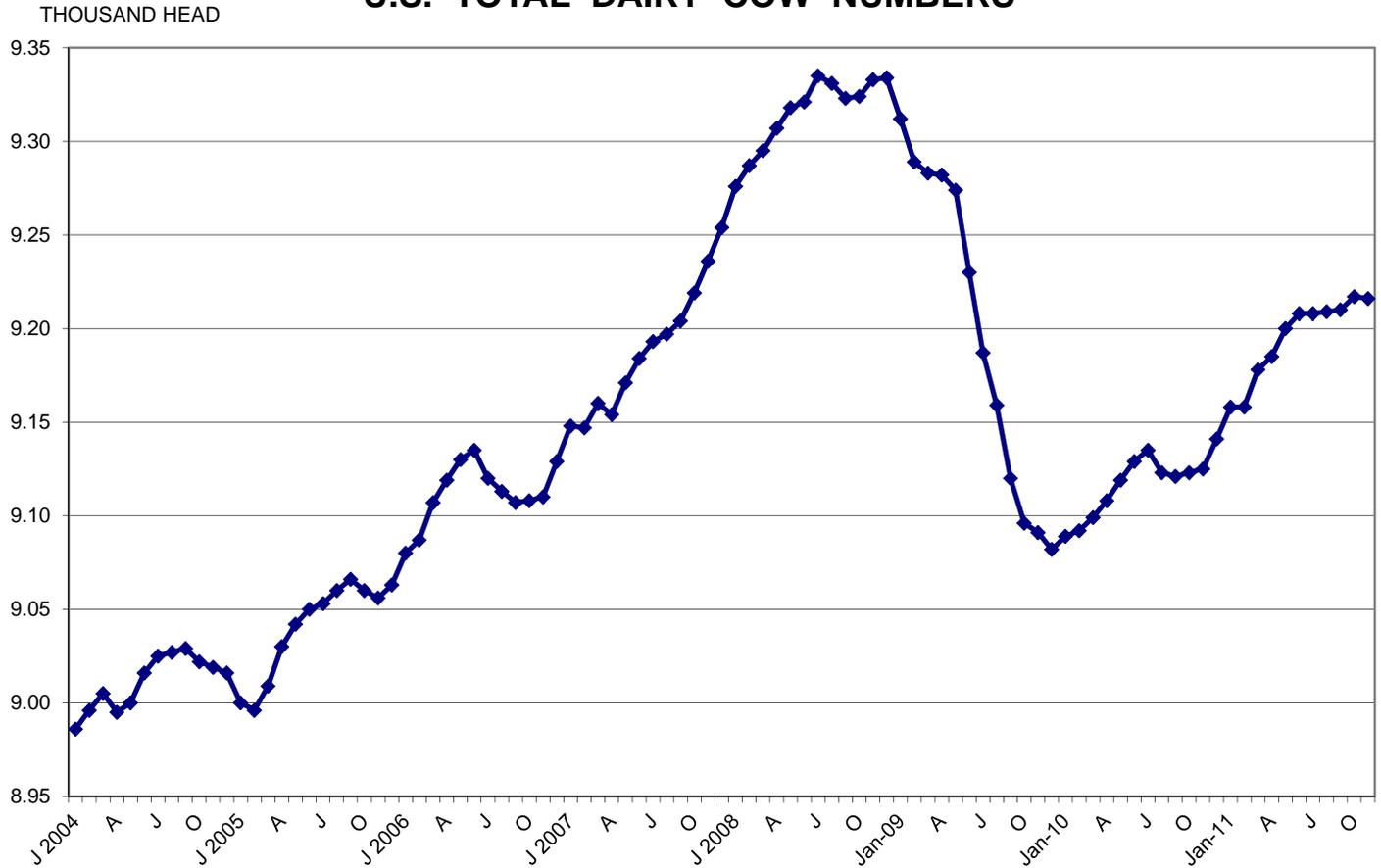
FEDERAL MILK ORDER CLASS I PRICE INFORMATION ^{1/} ^{2/}				
Federal Milk Order Marketing Area ^{3/}	Order Number	January 2012		
		Class I Price (3.5 %)	Class I Skim Milk Price	Class I Butterfat Price
		\$ per cwt.	\$ per cwt.	\$ per pound
Northeast (Boston) ^{4/}	001	22.05	16.42	1.7720
Appalachian (Charlotte) ^{5/} ^{6/}	005	22.20	16.57	1.7735
Southeast (Atlanta) ^{6/} ^{7/}	007	22.60	16.97	1.7775
Florida (Tampa) ^{6/} ^{8/}	006	24.20	18.57	1.7935
Midwest (Cleveland) ^{9/}	033	20.80	15.17	1.7595
Upper Midwest (Chicago) ^{10/}	030	20.60	14.97	1.7575
Central (Kansas City) ^{11/}	032	20.80	15.17	1.7595
Southwest (Dallas) ^{12/}	126	21.80	16.17	1.7695
Arizona (Phoenix)	131	21.15	15.52	1.7630
Pacific Northwest (Seattle) ^{13/}	124	20.70	15.07	1.7585
All-Market Average		21.69	16.06	1.7684

^{1/} To convert the Class I price per 100 pounds to the Class I price per gallon, divide by 11.63--the approximate number of gallons in 100 pounds of milk. ^{2/} Note: The mandatory \$0.20 per cwt. processor assessment under the Fluid Milk Promotion Order is not included in the Class I prices shown on this table. ^{3/} Names in parentheses are the major city in the principal pricing point of the markets. ^{4/} Class I prices at other cities are: New York City, minus \$0.10; Philadelphia, minus \$0.20; Baltimore, minus \$0.25, and Washington, DC, minus \$0.25. ^{5/} Class I prices at other cities are: Knoxville, minus \$0.20 and Louisville, minus \$1.10. ^{6/} Effective May 1, 2008, the Class I price surface in these orders were temporarily adjusted. ^{7/} Class I prices at other cities are: New Orleans, same; Memphis, minus \$0.90; Nashville, minus \$0.90; and Springfield, MO, minus \$1.40. ^{8/} Class I prices at other cities are: Orlando, same; Miami, plus \$0.60; and Jacksonville, minus \$0.40. ^{9/} Class I prices at other cities are: Indianapolis, same; Cincinnati, plus \$0.20; Pittsburgh, plus \$0.10; and Detroit, minus \$0.20. ^{10/} Class I prices at other cities are: Milwaukee, minus \$0.05; and Minneapolis, minus \$0.10. ^{11/} Class I prices at other cities are: Des Moines, minus \$0.20; Omaha, minus \$0.15; Oklahoma City, plus \$0.60; St. Louis, same; and Denver, plus \$0.55. ^{12/} Class I prices at other cities are: Houston, plus \$0.60; San Antonio, plus \$0.45; Albuquerque, minus \$0.65; and El Paso, minus \$0.75. ^{13/} Class I prices at other cities are: Portland, same; and Spokane, same.

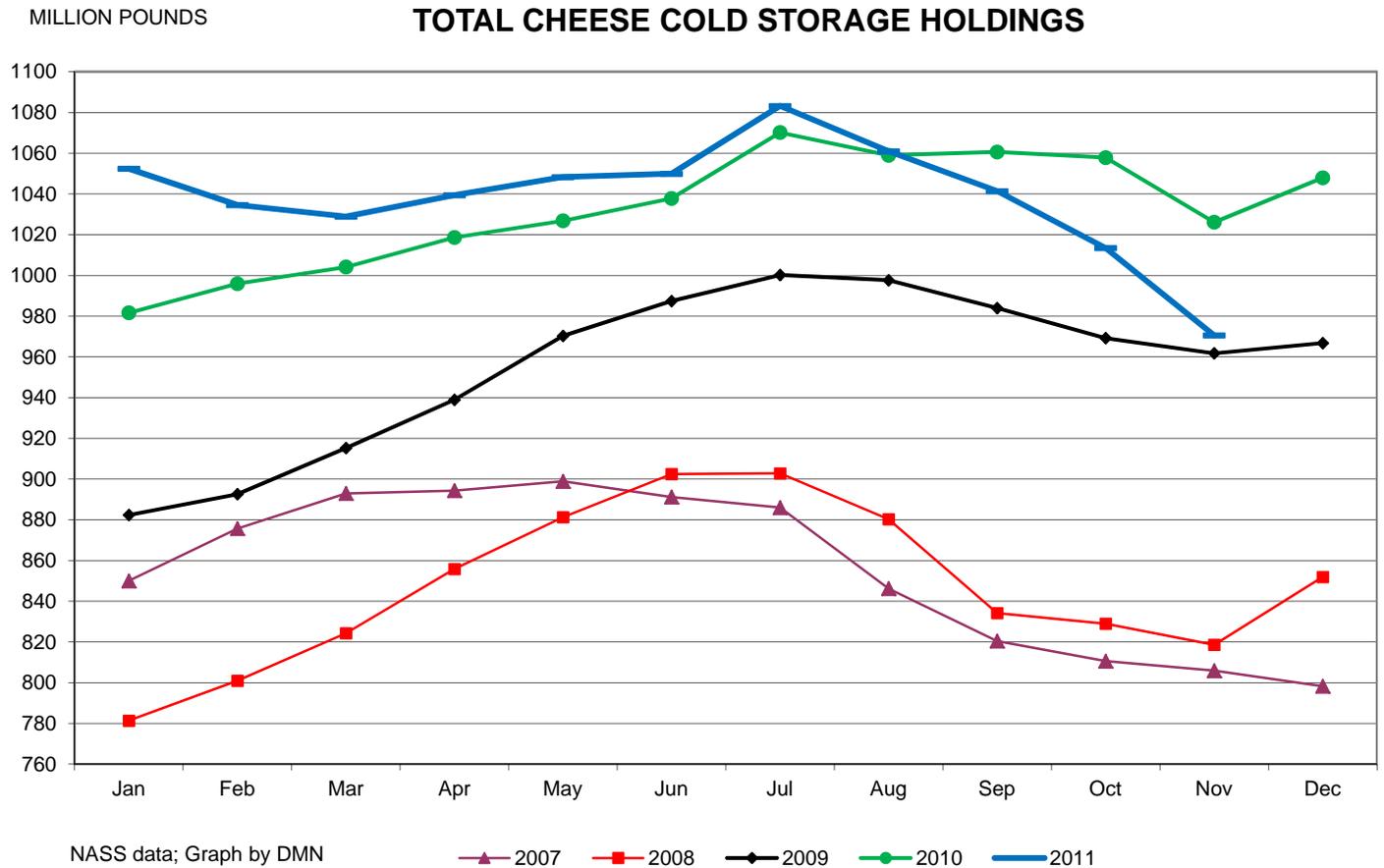


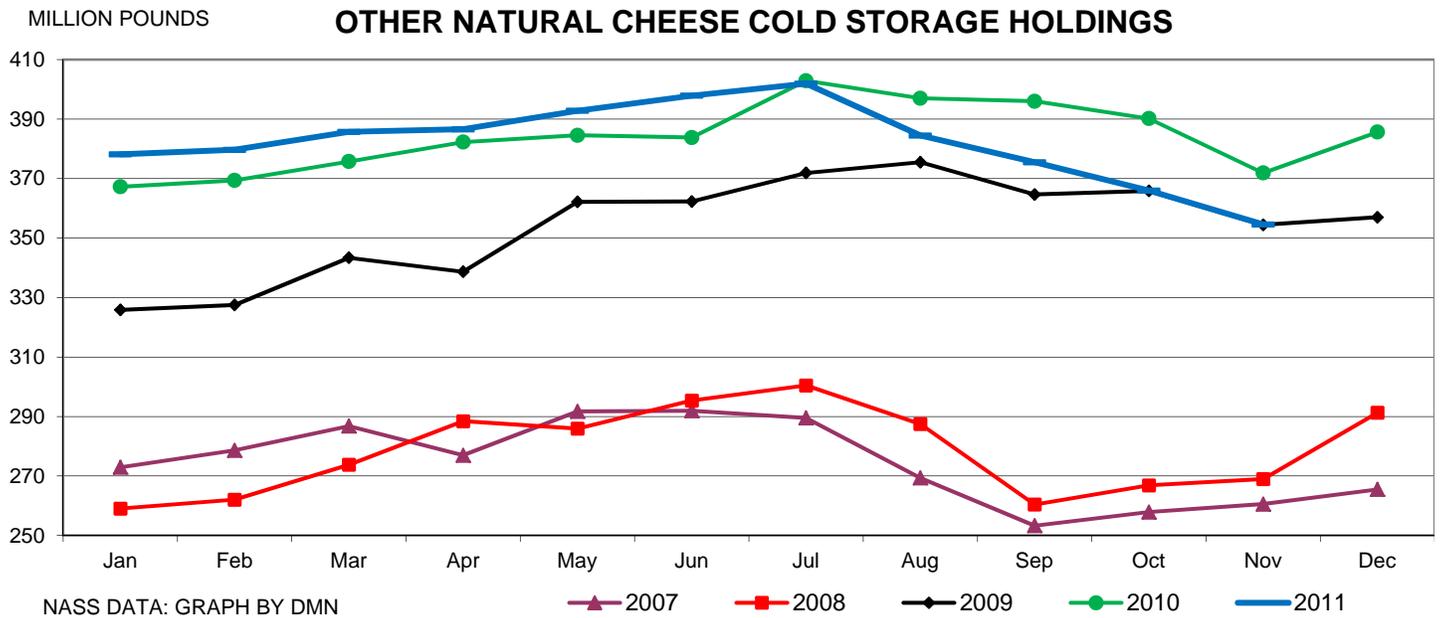
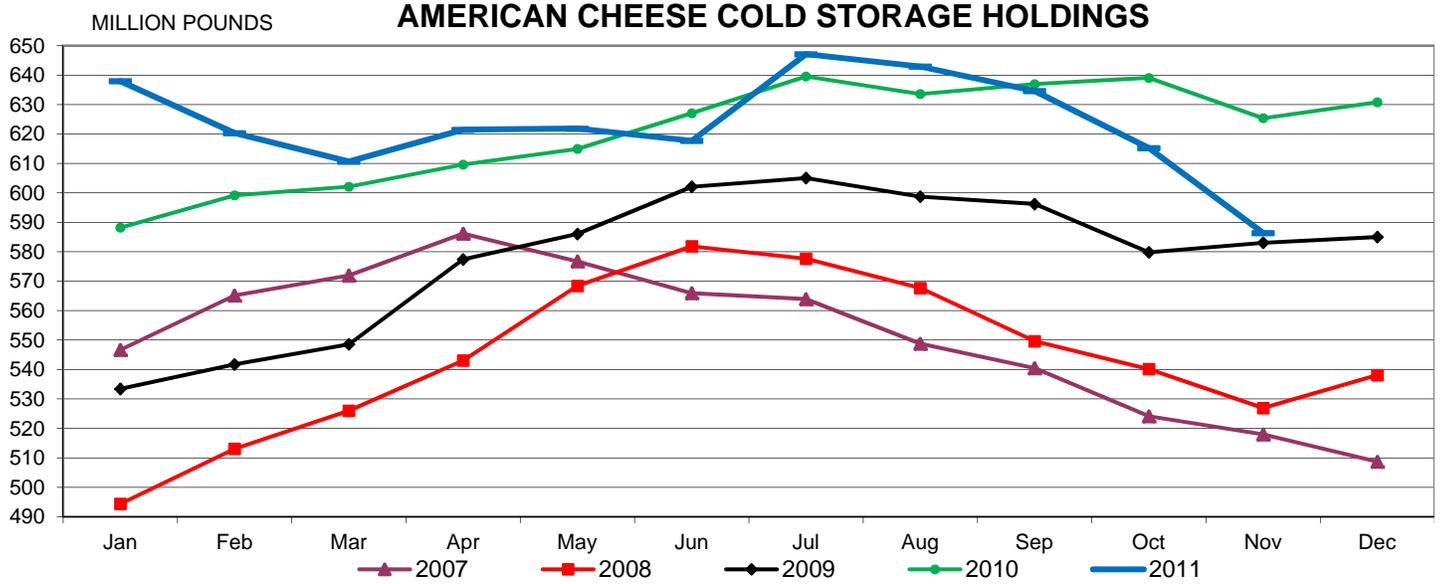


U.S. TOTAL DAIRY COW NUMBERS

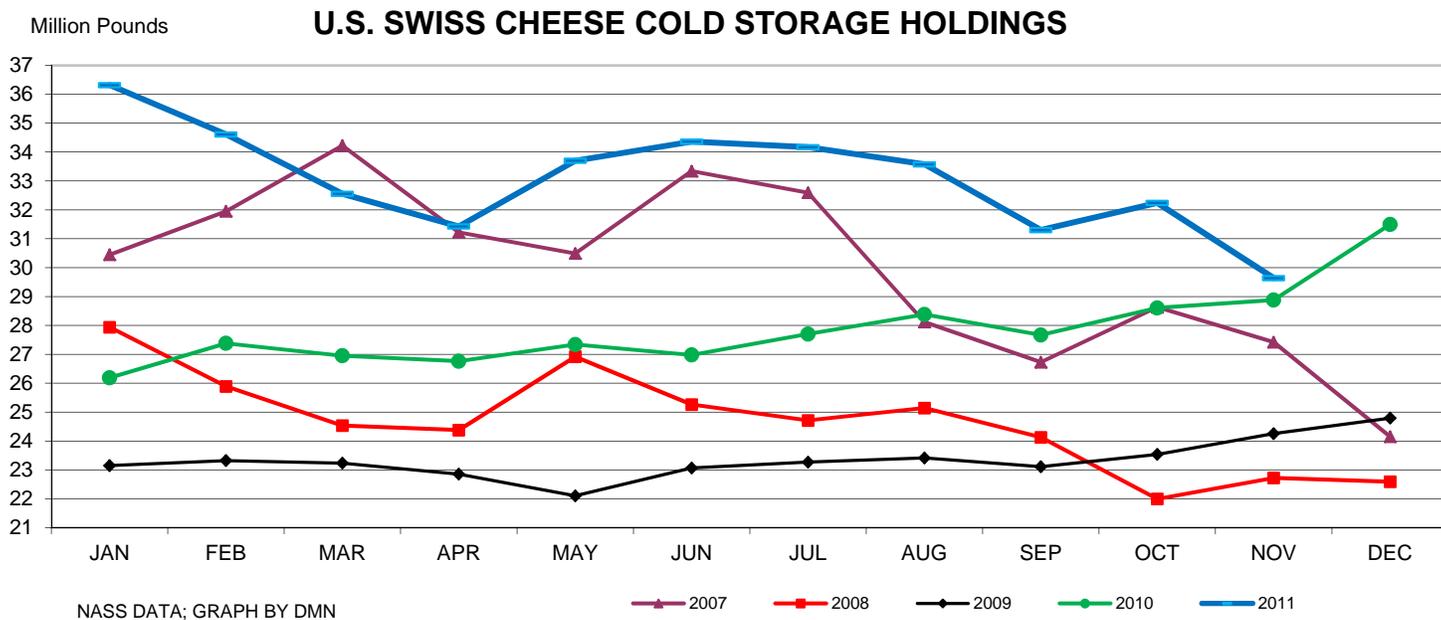


TOTAL CHEESE COLD STORAGE HOLDINGS





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